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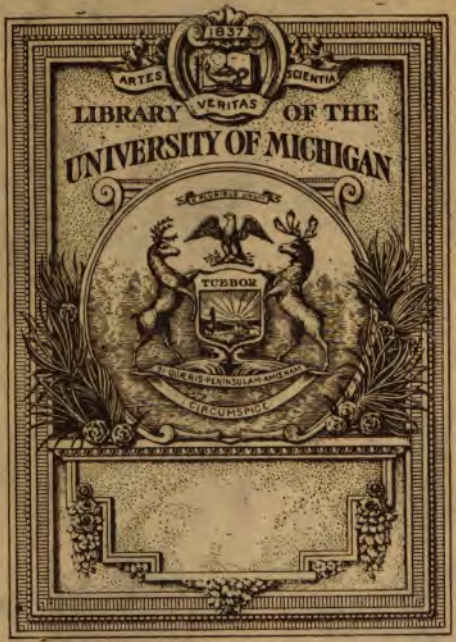
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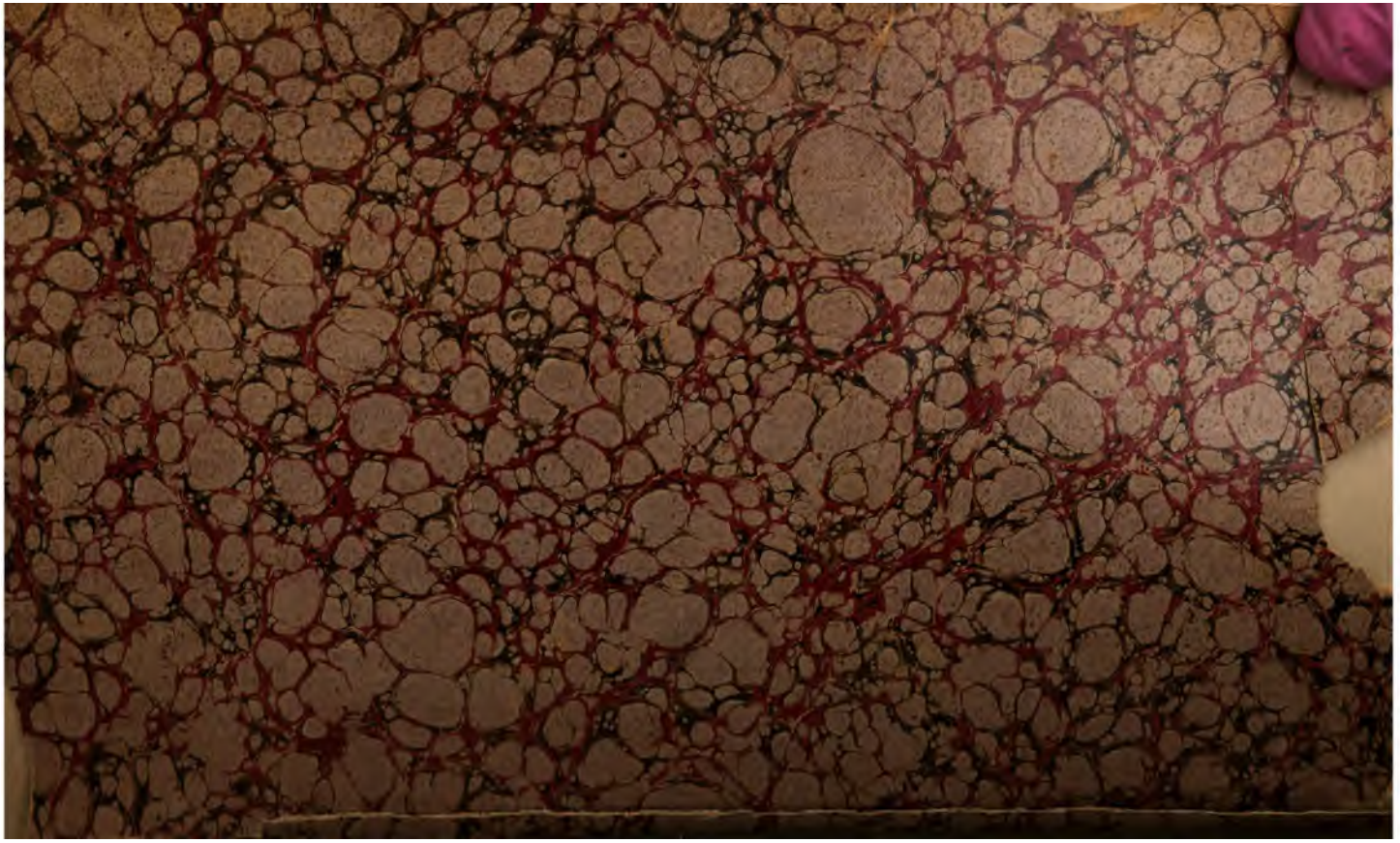

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THE

WORKS

OF

ADAM SMITH, LL.D.

VOL. II.

Strahan and Preston,
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THE

WORKS

OF

ADAM SMITH, LL.D.

AND F.R.S. OF LONDON AND EDINBURGH:

ONE OF THE COMMISSIONERS OF HIS MAJESTY'S CUSTOMS IN SCOTLAND;

AND FORMERLY PROFESSOR OF MORAL PHILOSOPHY IN THE UNIVERSITY OF GLASGOW.

WITH AN ACCOUNT OF

HIS LIFE AND WRITINGS

BY DUGALD STEWART,

PROFESSOR OF MORAL PHILOSOPHY IN THE UNIVERSITY, AND FELLOW OF THE ROYAL SOCIETY, OF EDINBURGH,
&c. &c. &c.

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AN

INQUIRY

INTO THE

NATURE AND CAUSES

OF THE

WEALTH OF NATIONS

VOL. I.

ADVERTISEMENT

TO

THE THIRD EDITION.

THE Firſt Edition of the following Work was printed in the end of the year 1775, and in the beginning of the year 1776. Through the greater part of the Book, therefore, whenever the preſent ſtate of things is mentioned, it is to be underſtood of the ſtate they were in, either about that time, or at ſome earlier period, during the time I was employed in writing the Book. To the Third Edition, however, I have made ſeveral additions, particularly to the chapter upon Drawbacks, and to that upon Bounties; likewiſe a new chapter entitled, *The Concluſion of the Mercantile Syſtem*; and a new article to the chapter upon the expences of the Sovereign. In all theſe additions, *the preſent ſtate of things* means always the ſtate in which they were during the year 1783 and the beginning of the year 1784.

ADVERTISEMENT

TO

THE FOURTH EDITION.

IN this Fourth Edition I have made no alterations of any kind. I now, however, find myſelf at liberty to acknowledge my very great obligations to Mr. HENRY HOPE of Amſterdam. To that Gentleman I owe the moſt diſtinct, as well as liberal information, concerning a very intereſting and important ſubject, the Bank of Amſterdam; of which no printed account had ever appeared to me ſatisfactory, or even intelligible. The name of that Gentleman is ſo well known in Europe, the information which comes from him muſt do ſo much honour to whoever has been favoured with it, and my vanity is ſo much intereſted in making this acknowledgement, that I can no longer refuſe myſelf the pleaſure of prefixing this Advertiſement to this new Edition of my Book.

AN

AN

INQUIRY

INTO THE

NATURE AND CAUSES

OF THE

WEALTH OF NATIONS.

INTRODUCTION AND PLAN OF THE WORK.

Introduct.

THE annual labour of every nation is the fund which originally ſupplies it with all the neceſſaries and conveniences of life which it annually conſumes, and which conſiſt always either in the immediate produce of that labour, or in what is purchaſed with that produce from other nations.

According therefore, as this produce, or what is purchaſed with it, bears a greater or ſmaller proportion to the number of thoſe who are to conſume it, the nation will be better or worſe ſupplied with all the neceſſaries and conveniencies for which it has occaſion.

But this proportion muſt in every nation be regulated by two different circumſtances; firſt, by the ſkill, dexterity, and judgment with which

Introduct. its labour is generally applied; and, ſecondly, by the proportion between the number of thoſe who are employed in uſeful labour, and that of thoſe who are not ſo employed. Whatever be the ſoil, climate, or extent of territory of any particular nation, the abundance or ſcantineſs of its annual ſupply muſt, in that particular ſituation, depend upon thoſe two circumſtances.

The abundance or ſcantineſs of this ſupply too ſeems to depend more upon the former of thoſe two circumſtances than upon the latter. Among the ſavage nations of hunters and fiſhers, every individual who is able to work, is more or leſs employed in uſeful labour, and endeavours to provide, as well as he can, the neceſſaries and conveniences of life, for himſelf, or ſuch of his family or tribe as are either too old, or too young, or too infirm to go a hunting and fiſhing. Such nations, however, are ſo miſerably poor, that from mere want, they are frequently reduced, or, at leaſt, think themſelves reduced, to the neceſſity ſometimes of directly deſtroying, and ſometimes of abandoning their infants, their old people, and thoſe afflicted with lingering diſeaſes, to periſh with hunger, or to be devoured by wild beaſts. Among civilized and thriving nations, on the contrary, though a great number of people do not labour at all, many of whom conſume the produce of ten times, frequently of a hundred times more labour than the greater part of thoſe who work; yet the produce of the whole labour of the ſociety is ſo great, that all are often abundantly ſupplied, and a workman, even

even of the loweſt and pooreſt order, if he is frugal and induſtrious, may enjoy a greater ſhare of the neceſſaries and conveniences of life than it is poſſible for any ſavage to acquire. Introduct.

The cauſes of this improvement, in the productive powers of labour, and the order, according to which its produce is naturally diſtributed among the different ranks and conditions of men in the ſociety, make the ſubject of the Firſt Book of this Inquiry.

Whatever be the actual ſtate of the ſkill, dexterity, and judgment with which labour is applied in any nation, the abundance or ſcantineſs of its annual ſupply muſt depend, during the continuance of that ſtate, upon the proportion between the number of thoſe who are annually employed in uſeful labour, and that of thoſe who are not ſo employed. The number of uſeful and productive labourers, it will hereafter appear, is every where in proportion to the quantity of capital ſtock which is employed in ſetting them to work, and to the particular way in which it is ſo employed. The Second Book, therefore, treats of the nature of capital ſtock, of the manner in which it is gradually accumulated, and of the different quantities of labour which it puts into motion, according to the different ways in which it is employed.

Nations tolerably well advanced as to ſkill, dexterity, and judgment, in the application of labour, have followed very different plans in the general conduct or direction of it; and thoſe plans have not all been equally favourable to the

Introduct. greatneſs of its produce. The policy of ſome nations has given extraordinary encouragement to the induſtry of the country; that of others to the induſtry of towns. Scarce any nation has dealt equally and impartially with every ſort of induſtry. Since the downfal of the Roman empire, the policy of Europe has been more favourable to arts, manufactures, and commerce, the induſtry of towns; than to agriculture, the induſtry of the country. The circumſtances which ſeem to have introduced and eſtabliſhed this policy are explained in the Third Book.

Though thoſe different plans were, perhaps, firſt introduced by the private intereſts and prejudices of particular orders of men, without any regard to, or foreſight of, their conſequences upon the general welfare of the ſociety; yet they have given occaſion to very different theories of political œconomy; of which ſome magnify the importance of that induſtry which is carried on in towns, others of that which is carried on in the country. Thoſe theories have had a conſiderable influence, not only upon the opinions of men of learning, but upon the public conduct of princes and ſovereign ſtates. I have endeavoured in the Fourth Book, to explain, as fully and diſtinctly as I can, thoſe different theories, and the principal effects which they have produced in different ages and nations.

To explain in what has conſiſted the revenue of the great body of the people, or what has been the nature of thoſe funds, which, in different ages and nations, have ſupplied their annual

nual conſumption, is the object of theſe Four firſt Books. The Fifth and laſt Book treats of the revenue of the ſovereign, or commonwealth. In this book I have endeavoured to ſhow; firſt, what are the neceſſary expences of the ſovereign, or commonwealth; which of thoſe expences ought to be defrayed by the general contribution of the whole ſociety; and which of them, by that of ſome particular part only, or of ſome particular members of it: ſecondly, what are the different methods in which the whole ſociety may be made to contribute towards defraying the expences incumbent on the whole ſociety, and what are the principal advantages and inconveniences of each of thoſe methods: and, thirdly and laſtly, what are the reaſons and cauſes which have induced almoſt all modern governments to mortgage ſome part of this revenue, or to contract debts, and what have been the effects of thoſe debts upon the real wealth, the annual produce of the land and labour of the ſociety. Introduct.

BOOK I.

OF THE CAUSES OF IMPROVEMENT IN THE PRODUCTIVE POWERS OF LABOUR, AND OF THE ORDER ACCORDING TO WHICH ITS PRODUCE IS NATURALLY DISTRIBUTED AMONG THE DIFFERENT RANKS OF THE PEOPLE.

CHAP. I.

Of the Diviſion of Labour.

BOOK I.

THE greateſt improvement in the productive powers of labour, and the greater part of the ſkill, dexterity, and judgment with which it is any where directed, or applied, ſeem to have been the effects of the diviſion of labour.

The effects of the diviſion of labour, in the general buſineſs of ſociety, will be more eaſily underſtood, by conſidering in what manner it operates in ſome particular manufactures. It is commonly ſuppoſed to be carried furtheſt in ſome very trifling ones; not perhaps that it really is carried further in them than in others of more importance: but in thoſe trifling manufactures which are deſtined to ſupply the ſmall wants of but a ſmall number of people, the whole number of workmen muſt neceſſarily be ſmall; and thoſe employed in every different branch of the work can often be collected into the ſame workhouſe,

workhouſe, and placed at once under the view of the ſpectator. In thoſe great manufactures, on the contrary, which are deſtined to ſupply the great wants of the great body of the people, every different branch of the work employs ſo great a number of workmen, that it is impoſſible to collect them all into the ſame workhouſe. We can ſeldom ſee more, at one time, than thoſe employed in one ſingle branch. Though in ſuch manufactures, therefore, the work may really be divided into a much greater number of parts, than in thoſe of a more trifling nature, the diviſion is not near ſo obvious, and has accordingly been much leſs obſerved.

To take an example, therefore, from a very trifling manufacture; but one in which the diviſion of labour has been very often taken notice of, the trade of the pin-maker; a workman not educated to this buſineſs (which the diviſion of labour has rendered a diſtinct trade), nor acquainted with the uſe of the machinery employed in it (to the invention of which the ſame diviſion of labour has probably given occaſion), could ſcarce, perhaps, with his utmoſt induſtry, make one pin in a day, and certainly could not make twenty. But in the way in which this buſineſs is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewiſe peculiar trades. One man draws out the wire, another ſtraights it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head; to make the head requires

BOOK I.

two or three distinct operations; to put it on, is a peculiar business, to whiten the pins is another; it is even a trade by itself to put them into the paper; and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which, in some manufactories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them. I have seen a small manufactory of this kind where ten men only were employed, and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day. There are in a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day; that is, certainly, not the two hundred and fortieth, perhaps not the four thousand eight hundredth part of what they are at present capable of performing, in consequence of a proper

a proper diviſion and combination of their different operations. CHAP. I.

In every other art and manufacture, the effects of the diviſion of labour are ſimilar to what they are in this very trifling one; though, in many of them, the labour can neither be ſo much ſubdivided, nor reduced to ſo great a ſimplicity of operation. The diviſion of labour, however, ſo far as it can be introduced, occaſions, in every art, a proportionable increaſe of the productive powers of labour. The ſeparation of different trades and employments from one another, ſeems to have taken place, in conſequence of this advantage. This ſeparation too is generally carried furtheſt in thoſe countries which enjoy the higheſt degree of induſtry and improvement; what is the work of one man in a rude ſtate of ſociety, being generally that of ſeveral in an improved one. In every improved ſociety, the farmer is generally nothing but a farmer; the manufacturer, nothing but a manufacturer. The labour too which is neceſſary to produce any one complete manufacture, is almoſt always divided among a great number of hands. How many different trades are employed in each branch of the linen and woollen manufactures, from the growers of the flax and the wool, to the bleachers and ſmoothers of the linen, or to the dyers and dreſſers of the cloth! The nature of agriculture, indeed, does not admit of ſo many ſubdiviſions of labour, nor of ſo complete a ſeparation of one buſineſs from another, as manufactures. It is impoſſible to ſeparate ſo entirely, the buſineſs of the

BOOK I. the grazier from that of the corn-farmer, as the trade of the carpenter is commonly ſeparated from that of the ſmith. The ſpinner is almoſt always a diſtinct perſon from the weaver; but the ploughman, the harrower, the ſower of the ſeed, and the reaper of the corn, are often the ſame. The occaſions for thoſe different ſorts of labour returning with the different ſeaſons of the year, it is impoſſible that one man ſhould be conſtantly employed in any one of them. This impoſſibility of making ſo complete and entire a ſeparation of all the different branches of labour employed in agriculture, is perhaps the reaſon why the improvement of the productive powers of labour in this art, does not always keep pace with their improvement in manufactures. The moſt opulent nations, indeed, generally excel all their neighbours in agriculture as well as in manufactures; but they are commonly more diſtinguiſhed by their ſuperiority in the latter than in the former. Their lands are in general better cultivated, and having more labour and expence beſtowed upon them, produce more in proportion to the extent and natural fertility of the ground. But this ſuperiority of produce is ſeldom much more than in proportion to the ſuperiority of labour and expence. In agriculture, the labour of the rich country is not always much more productive than that of the poor; or, at leaſt, it is never ſo much more productive, as it commonly is in manufactures. The corn of the rich country, therefore, will not always, in the ſame degree of goodneſs, come cheaper to market

market than that of the poor. The corn of Poland, in the ſame degree of goodneſs, is as cheap as that of France, notwithſtanding the ſuperior opulence and improvement of the latter country. The corn of France is, in the corn provinces, fully as good, and in moſt years nearly about the ſame price with the corn of England, though, in opulence and improvement, France is perhaps inferior to England. The corn-lands of England, however, are better cultivated than thoſe of France, and the corn-lands of France are ſaid to be much better cultivated than thoſe of Poland. But though the poor country, notwithſtanding the inferiority of its cultivation, can, in ſome meaſure, rival the rich in the cheapneſs and goodneſs of its corn, it can pretend to no ſuch competition in its manufactures; at leaſt if thoſe manufactures ſuit the ſoil, climate, and ſituation of the rich country. The ſilks of France are better and cheaper than thoſe of England, becauſe the ſilk manufacture, at leaſt under the preſent high duties upon the importation of raw ſilk, does not ſo well ſuit the climate of England as that of France. But the hard-ware and the coarſe woollens of England are beyond all compariſon ſuperior to thoſe of France, and much cheaper too in the ſame degree of goodneſs. In Poland there are ſaid to be ſcarce any manufactures of any kind, a few of thoſe coarſer houſehold manufactures excepted, without which no country can well ſubſiſt.

CHAP. I.

This great increaſe of the quantity of work, which, in conſequence of the diviſion of labour,

BOOK I. the ſame number of people are capable of performing, is owing to three different circumſtances; firſt, to the increaſe of dexterity in every particular workman; ſecondly, to the ſaving of the time which is commonly loſt in paſſing from one ſpecies of work to another; and laſtly, to the invention of a great number of machines which facilitate and abridge labour, and enable one man to do the work of many.

Firſt, the improvement of the dexterity of the workman neceſſarily increaſes the quantity of the work he can perform; and the diviſion of labour, by reducing every man's buſineſs to ſome one ſimple operation, and by making this operation the ſole employment of his life, neceſſarily increaſes very much the dexterity of the workman. A common ſmith, who, though accuſtomed to handle the hammer, has never been uſed to make nails, if upon ſome particular occaſion he is obliged to attempt it, will ſcarce, I am aſſured, be able to make above two or three hundred nails in a day, and thoſe too very bad ones. A ſmith who has been accuſtomed to make nails, but whoſe ſole or principal buſineſs has not been that of a nailer, can ſeldom with his utmoſt diligence make more than eight hundred or a thouſand nails in a day. I have ſeen ſeveral boys under twenty years of age who had never exerciſed any other trade but that of making nails, and who, when they exerted themſelves, could make, each of them, upwards of two thouſand three hundred nails in a day. The making of a nail, however, is by no means one of

of the ſimpleſt operations. The ſame perſon blows the bellows, ſtirs or mends the fire as there is occaſion, heats the iron, and forges every part of the nail: In forging the head too he is obliged to change his tools. The different operations into which the making of a pin, or of a metal button, is ſubdivided, are all of them much more ſimple, and the dexterity of the perſon, of whoſe life it has been the ſole buſineſs to perform them, is uſually much greater. The rapidity with which ſome of the operations of thoſe manufactures are performed, exceeds what the human hand could, by thoſe who had never ſeen them, be ſuppoſed capable of acquiring. CHAP. I.

Secondly, the advantage which is gained by ſaving the time commonly loſt in paſſing from one ſort of work to another, is much greater than we ſhould at firſt view be apt to imagine it. It is impoſſible to paſs very quickly from one kind of work to another, that is carried on in a different place, and with quite different tools. A country weaver, who cultivates a ſmall farm, muſt loſe a good deal of time in paſſing from his loom to the field, and from the field to his loom. When the two trades can be carried on in the ſame workhouſe, the loſs of time is no doubt much leſs. It is even in this caſe, however, very conſiderable. A man commonly ſaunters a little in turning his hand from one ſort of employment to another. When he firſt begins the new work he is ſeldom very keen and hearty; his mind, as they ſay, does not go to it, and for ſome time he rather trifles than applies to good purpoſe.

BOOK I.

purpose. The habit of lounging and of indolent careless application, which is naturally, or rather necessarily acquired by every country workman who is obliged to change his work and his tools every half hour, and to apply his hand in twenty different ways almost every day of his life; renders him almost always slothful and lazy, and incapable of any vigorous application even on the most pressing occasions. Independent, therefore, of his deficiency in point of dexterity, this cause alone must always reduce considerably the quantity of work which he is capable of performing.

Thirdly, and lastly, every body must be sensible how much labour is facilitated and abridged by the application of proper machinery. It is unnecessary to give any example. I shall only observe, therefore, that the invention of all those machines by which labour is so much facilitated and abridged, seems to have been originally owing to the division of labour. Men are much more likely to discover easier and readier methods of attaining any object, when the whole attention of their minds is directed towards that single object, than when it is dissipated among a great variety of things. But in consequence of the division of labour, the whole of every man's attention comes naturally to be directed towards some one very simple object. It is naturally to be expected, therefore, that some one or other of those who are employed in each particular branch of labour should soon find out easier and readier methods of performing their own particular

lar work, wherever the nature of it admits of ſuch improvement. A great part of the machines made uſe of in thoſe manufactures in which labour is moſt ſubdivided, were originally the inventions of common workmen, who being each of them employed in ſome very ſimple operation, naturally turned their thoughts towards finding out eaſier and readier methods of performing it. Whoever has been much accuſtomed to viſit ſuch manufactures, muſt frequently have been ſhewn very pretty machines, which were the inventions of ſuch workmen, in order to facilitate and quicken their own particular part of the work. In the firſt fire-engines, a boy was conſtantly employed to open and ſhut alternately the communication between the boiler and the cylinder, according as the piſton either aſcended or deſcended. One of thoſe boys, who loved to play with his companions, obſerved that, by tying a ſtring from the handle of the valve which opened this communication to another part of the machine, the valve would open and ſhut without his aſſiſtance, and leave him at liberty to divert himſelf with his play-fellows. One of the greateſt improvements that has been made upon this machine, ſince it was firſt invented, was in this manner the diſcovery of a boy who wanted to ſave his own labour.

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All the improvements in machinery, however, have by no means been the inventions of thoſe who had occaſion to uſe the machines. Many improvements have been made by the ingenuity of the makers of the machines, when

to

BOOK I. to make them became the buſineſs of a peculiar trade; and ſome by that of thoſe who are called philoſophers or men of ſpeculation, whoſe trade it is not to do any thing, but to obſerve every thing; and who, upon that account, are often capable of combining together the powers of the moſt diſtant and diſſimilar objects. In the progreſs of ſociety, philoſophy or ſpeculation becomes, like every other employment, the principal or ſole trade and occupation of a particular claſs of citizens. Like every other employment too, it is ſubdivided into a great number of different branches, each of which affords occupation to a peculiar tribe or claſs of philoſophers; and this ſubdiviſion of employment in philoſophy, as well as in every other buſineſs, improves dexterity, and ſaves time. Each individual becomes more expert in his own peculiar branch, more work is done upon the whole, and the quantity of ſcience is conſiderably increaſed by it.

It is the great multiplication of the productions of all the different arts, in conſequence of the diviſion of labour, which occaſions, in a well-governed ſociety, that univerſal opulence which extends itſelf to the loweſt ranks of the people. Every workman has a great quantity of his own work to diſpoſe of beyond what he himſelf has occaſion for; and every other workman being exactly in the ſame ſituation, he is enabled to exchange a great quantity of his own goods for a great quantity, or, what comes to the ſame thing, for the price of a great quan-

tity of theirs. He ſupplies them abundantly with what they have occaſion for, and they accommodate him as amply with what he has occaſion for, and a general plenty diffuſes itſelf through all the different ranks of the ſociety. CHAP. I.

Obſerve the accommodation of the moſt common artificer or day-labourer in a civilized and thriving country, and you will perceive that the number of people of whoſe induſtry a part, though but a ſmall part, has been employed in procuring him this accommodation, exceeds all computation. The woollen coat, for example, which covers the day-labourer, as coarſe and rough as it may appear, is the produce of the joint labour of a great multitude of workmen. The ſhepherd, the ſorter of the wool, the woolcomber or carder, the dyer, the ſcribbler, the ſpinner, the weaver, the fuller, the dreſſer, with many others, muſt all join their different arts in order to complete even this homely production. How many merchants and carriers, beſides, muſt have been employed in tranſporting the materials from ſome of thoſe workmen to others who often live in a very diſtant part of the country! how much commerce and navigation in particular, how many ſhip-builders, ſailors, ſail-makers, rope-makers, muſt have been employed in order to bring together the different drugs made uſe of by the dyer, which often come from the remoteſt corners of the world! What a variety of labour too is neceſſary in order to produce the tools of the meaneſt of thoſe workmen! To ſay nothing of ſuch complicated

BOOK I. machines as the ſhip of the ſailor, the mill of the fuller, or even the loom of the weaver, let us conſider only what a variety of labour is requiſite in order to form that very ſimple machine, the ſhears with which the ſhepherd clips the wool. The miner, the builder of the furnace for ſmelting the ore, the feller of the timber, the burner of the charcoal to be made uſe of in the ſmelting-houſe, the brick-maker, the bricklayer, the workmen who attend the furnace, the mill-wright, the forger, the ſmith, muſt all of them join their different arts in order to produce them. Were we to examine, in the ſame manner, all the different parts of his dreſs and houſehold furniture, the coarſe linen ſhirt which he wears next his ſkin, the ſhoes which cover his feet, the bed which he lies on, and all the different parts which compoſe it, the kitchen-grate at which he prepares his victuals, the coals which he makes uſe of for that purpoſe, dug from the bowels of the earth, and brought to him perhaps by a long ſea and a long land carriage, all the other utenſils of his kitchen, all the furniture of his table, the knives and forks, the earthen or pewter plates upon which he ſerves up and divides his victuals, the different hands employed in preparing his bread and his beer, the glaſs window which lets in the heat and the light, and keeps out the wind and the rain, with all the knowledge and art requiſite for preparing that beautiful and happy invention, without which theſe northern parts of the world could ſcarce have afforded a very comfort-

comfortable habitation, together with the tools of all the different workmen employed in producing thoſe different conveniences; if we examine, I ſay, all theſe things, and conſider what a variety of labour is employed about each of them, we ſhall be ſenſible that without the aſſiſtance and co-operation of many thouſands, the very meaneſt perſon in a civilized country could not be provided, even according to, what we very falſely imagine, the eaſy and ſimple manner in which he is commonly accommodated. Compared, indeed, with the more extravagant luxury of the great, his accommodation muſt no doubt appear extremely ſimple and eaſy; and yet it may be true, perhaps, that the accommodation of an European prince does not always ſo much exceed that of an induſtrious and frugal peaſant, as the accommodation of the latter exceeds that of many an African king, the abſolute maſter of the lives and liberties of ten thouſand naked ſavages. CHAP. I.

CHAP. II.

Of the Principle which gives occaſion to the Diviſion of Labour.

THIS diviſion of labour, from which ſo many advantages are derived, is not originally the effect of any human wiſdom, which foreſees and intends that general opulence to CHAP. II.

BOOK I.

which it gives occaſion. It is the neceſſary, though very ſlow and gradual, conſequence of a certain propenſity in human nature which has in view no ſuch extenſive utility; the propenſity to truck, barter, and exchange one thing for another.

Whether this propenſity be one of thoſe original principles in human nature, of which no further account can be given; or whether, as ſeems more probable, it be the neceſſary conſequence of the faculties of reaſon and ſpeech, it belongs not to our preſent ſubject to enquire. It is common to all men, and to be found in no other race of animals, which ſeem to know neither this nor any other ſpecies of contracts. Two greyhounds, in running down the ſame hare, have ſometimes the appearance of acting in ſome ſort of concert. Each turns her towards his companion, or endeavours to intercept her when his companion turns her towards himſelf. This, however, is not the effect of any contract, but of the accidental concurrence of their paſſions in the ſame object at that particular time. Nobody ever ſaw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever ſaw one animal by its geſtures and natural cries ſignify to another, this is mine, that yours; I am willing to give this for that. When an animal wants to obtain ſomething either of a man or of another animal, it has no other means of perſuaſion but to gain the favour of thoſe whoſe ſervice it requires. A puppy fawns upon its dam, and a ſpaniel endeavours

vours by a thouſand attractions to engage the attention of its maſter who is at dinner, when it wants to be fed by him. Man ſometimes uſes the ſame arts with his brethren, and when he has no other means of engaging them to act according to his inclinations, endeavours by every ſervile and fawning attention to obtain their good will. He has not time, however, to do this upon every occaſion. In civilized ſociety he ſtands at all times in need of the co-operation and aſſiſtance of great multitudes, while his whole life is ſcarce ſufficient to gain the friendſhip of a few perſons. In almoſt every other race of animals each individual, when it is grown up to maturity, is intirely independent, and in its natural ſtate has occaſion for the aſſiſtance of no other living creature. But man has almoſt conſtant occaſion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can intereſt their ſelf-love in his favour, and ſhew them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, propoſes to do this: Give me that which I want, and you ſhall have this which you want, is the meaning of every ſuch offer; and it is in this manner that we obtain from one another the far greater part of thoſe good offices which we ſtand in need of. It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their

CHAP. II.

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regard to their own intereſt. We addreſs ourſelves, not to their humanity but to their ſelf-love, and never talk to them of our own neceſſities but of their advantages. Nobody but a beggar chuſes to depend chiefly upon the benevolence of his fellow-citizens. Even a beggar does not depend upon it entirely. The charity of well-diſpoſed people, indeed, ſupplies him with the whole fund of his ſubſiſtence. But though this principle ultimately provides him with all the neceſſaries of life which he has occaſion for, it neither does nor can provide him with them as he has occaſion for them. The greater part of his occaſional wants are ſupplied in the ſame manner as thoſe of other people, by treaty, by barter, and by purchaſe. With the money which one man gives him he purchaſes food. The old cloaths which another beſtows upon him he exchanges for other old cloaths which ſuit him better, or for lodging, or for food, or for money, with which he can buy either food, cloaths, or lodging, as he has occaſion.

As it is by treaty, by barter, and by purchaſe, that we obtain from one another the greater part of thoſe mutual good offices which we ſtand in need of, ſo it is this ſame trucking diſpoſition which originally gives occaſion to the diviſion of labour. In a tribe of hunters or ſhepherds a particular perſon makes bows and arrows, for example, with more readineſs and dexterity than any other. He frequently exchanges them for cattle or for veniſon with his companions; and

and he finds at laſt that he can in this manner get more cattle and veniſon, than if he himſelf went to the field to catch them. From a regard to his own intereſt, therefore, the making of bows and arrows grows to be his chief buſineſs, and he becomes a ſort of armourer. Another excels in making the frames and covers of their little huts or moveable houſes. He is accuſtomed to be of uſe in this way to his neighbours, who reward him in the ſame manner with cattle and with veniſon, till at laſt he finds it his intereſt to dedicate himſelf entirely to this employment, and to become a ſort of houſe-carpenter. In the ſame manner a third becomes a ſmith or a brazier; a fourth a tanner or dreſſer of hides or ſkins, the principal part of the clothing of ſavages. And thus the certainty of being able to exchange all that ſurplus part of the produce of his own labour, which is over and above his own conſumption, for ſuch parts of the produce of other men's labour as he may have occaſion for, encourages every man to apply himſelf to a particular occupation, and to cultivate and bring to perfection whatever talent or genius he may poſſeſs for that particular ſpecies of buſineſs.

The difference of natural talents in different men is, in reality, much leſs than we are aware of; and the very different genius which appears to diſtinguiſh men of different profeſſions, when grown up to maturity, is not upon many occaſions ſo much the cauſe, as the effect of the diviſion of labour. The difference between the

BOOK I. moſt diſſimilar characters, between a philoſopher and a common ſtreet porter, for example, ſeems to ariſe not ſo much from nature, as from habit, cuſtom, and education. When they came into the world, and for the firſt ſix or eight years of their exiſtence, they were, perhaps, very much alike, and neither their parents nor playfellows could perceive any remarkable difference. About that age, or ſoon after, they come to be employed in very different occupations. The difference of talents comes then to be taken notice of, and widens by degrees, till at laſt the vanity of the philoſopher is willing to acknowledge ſcarce any reſemblance. But without the diſpoſition to truck, barter, and exchange, every man muſt have procured to himſelf every neceſſary and conveniency of life which he wanted. All muſt have had the ſame duties to perform, and the ſame work to do, and there could have been no ſuch difference of employment as could alone give occaſion to any great difference of talent.

As it is this diſpoſition which forms that difference of talents, ſo remarkable among men of different profeſſions, ſo it is this ſame diſpoſition which renders that difference uſeful. Many tribes of animals acknowledged to be all of the ſame ſpecies, derive from nature a much more remarkable diſtinction of genius, than what, antecedent to cuſtom and education, appears to take place among men. By nature a philoſopher is not in genius and diſpoſition half ſo different from a ſtreet porter, as a maſtiff is from a grey-

greyhound, or a greyhound from a ſpaniel, or this laſt from a ſhepherd's dog. Thoſe different tribes of animals, however, though all of the ſame ſpecies, are of ſcarce any uſe to one another. The ſtrength of the maſtiff is not in the leaſt ſupported either by the ſwiftneſs of the greyhound, or by the ſagacity of the ſpaniel, or by the docility of the ſhepherd's dog. The effects of thoſe different geniuſes and talents, for want of the power or diſpoſition to barter and exchange, cannot be brought into a common ſtock, and do not in the leaſt contribute to the better accommodation and conveniency of the ſpecies. Each animal is ſtill obliged to ſupport and defend itſelf, ſeparately and independently, and derives no ſort of advantage from that variety of talents with which nature has diſtinguiſhed its fellows. Among men, on the contrary, the moſt diſſimilar geniuſes are of uſe to one another; the different produces of their reſpective talents, by the general diſpoſition to truck, barter, and exchange, being brought, as it were, into a common ſtock, where every man may purchaſe whatever part of the produce of other men's talents he has occaſion for.

CHAP. II.

CHAP.

CHAP. III.

That the Diviſion of Labour is limited by the Extent of the Market.

AS it is the power of exchanging that gives occaſion to the diviſion of labour, ſo the extent of this diviſion muſt always be limited by the extent of that power, or, in other words, by the extent of the market. When the market is very ſmall, no perſon can have any encouragement to dedicate himſelf entirely to one employment, for want of the power to exchange all that ſurplus part of the produce of his own labour, which is over and above his own conſumption, for ſuch part of the produce of other men's labour as he has occaſion for.

There are ſome ſorts of induſtry, even of the loweſt kind, which can be carried on no where but in a great town. A porter, for example, can find employment and ſubſiſtence in no other place. A village is by much too narrow a ſphere for him; even an ordinary market town is ſcarce large enough to afford him conſtant occupation. In the lone houſes and very ſmall villages which are ſcattered about in ſo deſert a country as the Highlands of Scotland, every farmer muſt be butcher, baker and brewer for his own family. In ſuch ſituations we can ſcarce expect to find even a ſmith, a carpenter, or a maſon, within leſs than twenty miles of another of the ſame trade. The ſcattered families that live

live at eight or ten miles diſtance from the neareſt of them, muſt learn to perform themſelves a great number of little pieces of work, for which, in more populous countries, they would call in the aſſiſtance of thoſe workmen. Country workmen are almoſt every where obliged to apply themſelves to all the different branches of induſtry that have ſo much affinity to one another as to be employed about the ſame ſort of materials. A country carpenter deals in every ſort of work that is made of wood: a country ſmith in every ſort of work that is made of iron. The former is not only a carpenter, but a joiner, a cabinet maker, and even a carver in wood, as well as a wheelwright, a plough-wright, a cart and waggon maker. The employments of the latter are ſtill more various. It is impoſſible there ſhould be ſuch a trade as even that of a nailer in the remote and inland parts of the Highlands of Scotland. Such a workman at the rate of a thouſand nails a day, and three hundred working days in the year, will make three hundred thouſand nails in the year. But in ſuch a ſituation it would be impoſſible to diſpoſe of one thouſand, that is, of one day's work in the year. CHAP. III.

As by means of water-carriage a more extenſive market is open to every ſort of induſtry than what land-carriage alone can afford it, ſo it is upon the ſea-coaſt, and along the banks of navigable rivers, that induſtry of every kind naturally begins to ſubdivide and improve itſelf, and it is frequently not till a long time after that thoſe

BOOK I. thoſe improvements extend themſelves to the inland parts of the country. A broad-wheeled waggon, attended by two men, and drawn by eight horſes, in about ſix weeks time carries and brings back between London and Edinburgh near four ton weight of goods. In about the ſame time a ſhip navigated by ſix or eight men, and ſailing between the ports of London and Leith, frequently carries and brings back two hundred ton weight of goods. Six or eight men, therefore, by the help of water-carriage, can carry and bring back in the ſame time the ſame quantity of goods between London and Edinburgh, as fifty broad-wheeled waggons, attended by a hundred men, and drawn by four hundred horſes. Upon two hundred tons of goods, therefore, carried by the cheapeſt land-carriage from London to Edinburgh, there muſt be charged the maintenance of a hundred men for three weeks, and both the maintenance, and, what is nearly equal to the maintenance, the wear and tear of four hundred horſes as well as of fifty great waggons. Whereas, upon the ſame quantity of goods carried by water, there is to be charged only the maintenance of ſix or eight men, and the wear and tear of a ſhip of two hundred tons burthen, together with the value of the ſuperior riſk, or the difference of the inſurance between land and water-carriage. Were there no other communication between thoſe two places, therefore, but by land carriage, as no goods could be tranſported from the one to the other, except ſuch whoſe price was very conſiderable

derable in proportion to their weight, they could carry on but a ſmall part of that commerce which at preſent ſubſiſts between them, and conſequently could give but a ſmall part of that encouragement which they at preſent mutually afford to each other's induſtry. There could be little or no commerce of any kind between the diſtant parts of the world. What goods could bear the expence of land-carriage between London and Calcutta? Or if there were any ſo precious as to be able to ſupport this expence, with what ſafety could they be tranſported through the territories of ſo many barbarous nations? Thoſe two cities, however, at preſent carry on a very conſiderable commerce with each other, and by mutually affording a market, give a good deal of encouragement to each other's induſtry.

Since ſuch, therefore, are the advantages of water-carriage, it is natural that the firſt improvements of art and induſtry ſhould be made where this conveniency opens the whole world for a market to the produce of every ſort of labour, and that they ſhould always be much later in extending themſelves into the inland parts of the country. The inland parts of the country can for a long time have no other market for the greater part of their goods, but the country which lies round about them, and ſeparates them from the ſea-coaſt, and the great navigable rivers. The extent of their market, therefore, muſt for a long time be in proportion to the riches and populouſneſs of that country, and conſequently their improvement muſt always be poſterior to the

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the improvement of that country. In our North American colonies the plantations have conſtantly followed either the ſea-coaſt or the banks of the navigable rivers, and have ſcarce any where extended themſelves to any conſiderable diſtance from both.

The nations that, according to the beſt authenticated hiſtory, appear to have been firſt civilized, were thoſe that dwelt round the coaſt of the Mediterranean ſea. That ſea, by far the greateſt inlet that is known in the world, having no tides, nor conſequently any waves except ſuch as are cauſed by the wind only, was, by the ſmoothneſs of its ſurface, as well as by the multitude of its iſlands, and the proximity of its neighbouring ſhores, extremely favourable to the infant navigation of the world; when, from their ignorance of the compaſs, men were afraid to quit the view of the coaſt, and from the imperfection of the art of ſhip-building, to abandon themſelves to the boiſterous waves of the ocean. To paſs beyond the pillars of Hercules, that is, to ſail out of the Streights of Gibraltar, was, in the antient world, long conſidered as a moſt wonderful and dangerous exploit of navigation. It was late before even the Phenicians and Carthaginians, the moſt ſkilful navigators and ſhip-builders of thoſe old times, attempted it, and they were for a long time the only nations that did attempt it.

Of all the countries on the coaſt of the Mediterranean ſea, Egypt ſeems to have been the firſt in which either agriculture or manufactures were cultivated

cultivated and improved to any conſiderable degree. Upper Egypt extends itſelf nowhere above a few miles from the Nile, and in Lower Egypt that great river breaks itſelf into many different canals, which, with the aſſiſtance of a little art, ſeem to have afforded a communication by water-carriage, not only between all the great towns, but between all the conſiderable villages, and even to many farm-houſes in the country; nearly in the ſame manner as the Rhine and the Maeſe do in Holland at preſent. The extent and eaſineſs of this inland navigation was probably one of the principal cauſes of the early improvement of Egypt.

The improvements in agriculture and manufactures ſeem likewiſe to have been of very great antiquity in the provinces of Bengal in the Eaſt Indies, and in ſome of the eaſtern provinces of China; though the great extent of this antiquity is not authenticated by any hiſtories of whoſe authority we, in this part of the world, are well aſſured. In Bengal the Ganges and ſeveral other great rivers form a great number of navigable canals in the ſame manner as the Nile does in Egypt. In the Eaſtern provinces of China too, ſeveral great rivers form, by their different branches, a multitude of canals, and by communicating with one another afford an inland navigation much more extenſive than that either of the Nile or the Ganges, or perhaps than both of them put together. It is remarkable that neither the antient Egyptians, nor the Indians, nor the Chineſe, encouraged foreign commerce, but

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ſeem all to have derived their great opulence from this inland navigation.

All the inland parts of Africa, and all that part of Aſia which lies any conſiderable way north of the Euxine and Caſpian ſeas, the antient Scythia, the modern Tartary and Siberia, ſeem in all ages of the world to have been in the ſame barbarous and uncivilized ſtate in which we find them at preſent. The ſea of Tartary is the frozen ocean which admits of no navigation, and though ſome of the greateſt rivers in the world run through that country, they are at too great a diſtance from one another to carry commerce and communication through the greater part of it. There are in Africa none of thoſe great inlets, ſuch as the Baltic and Adriatic ſeas in Europe, the Mediterranean and Euxine ſeas in both Europe and Aſia, and the gulphs of Arabia, Perſia, India, Bengal, and Siam, in Aſia, to carry maritime commerce into the interior parts of that great continent: and the great rivers of Africa are at too great a diſtance from one another to give occaſion to any conſiderable inland navigation. The commerce beſides which any nation can carry on by means of a river which does not break itſelf into any great number of branches or canals, and which runs into another territory before it reaches the ſea, can never be very conſiderable; becauſe it is always in the power of the nations who poſſeſs that other territory to obſtruct the communication between the upper country and the ſea. The navigation of the Danube is of very little uſe to the different

ſtates of Bavaria, Auſtria and Hungary, in compariſon of what it would be if any of them poſſeſſed the whole of its courſe till it falls into the Black Sea. CHAP. III.

CHAP. IV.

Of the Origin and Uſe of Money.

CHAP. IV.

WHEN the diviſion of labour has been once thoroughly eſtabliſhed, it is but a very ſmall part of a man's wants which the produce of his own labour can ſupply. He ſupplies the far greater part of them by exchanging that ſurplus part of the produce of his own labour, which is over and above his own conſumption, for ſuch parts of the produce of other men's labour as he has occaſion for. Every man thus lives by exchanging, or becomes in ſome meaſure a merchant, and the ſociety itſelf grows to be what is properly a commercial ſociety.

But when the diviſion of labour firſt began to take place, this power of exchanging muſt frequently have been very much clogged and embarraſſed in its operations. One man, we ſhall ſuppoſe, has more of a certain commodity than he himſelf has occaſion for, while another has leſs. The former conſequently would be glad to diſpoſe of, and the latter to purchaſe, a part of this ſuperfluity. But if this latter ſhould chance to have nothing that the former ſtands in need of, no exchange can be made between them.

BOOK I. The butcher has more meat in his ſhop than he himſelf can conſume, and the brewer and the baker would each of them be willing to purchaſe a part of it. But they have nothing to offer in exchange, except the different productions of their reſpective trades, and the butcher is already provided with all the bread and beer which he has immediate occaſion for. No exchange can, in this caſe, be made between them. He cannot be their merchant, nor they his cuſtomers; and they are all of them thus mutually leſs ſerviceable to one another. In order to avoid the inconveniency of ſuch ſituations, every prudent man in every period of ſociety, after the firſt eſtabliſhment of the diviſion of labour, muſt naturally have endeavoured to manage his affairs in ſuch a manner, as to have at all times by him, beſides the peculiar produce of his own induſtry, a certain quantity of ſome one commodity or other, ſuch as he imagined few people would be likely to refuſe in exchange for the produce of their induſtry.

Many different commodities, it is probable, were ſucceſſively both thought of and employed for this purpoſe. In the rude ages of ſociety, cattle are ſaid to have been the common inſtrument of commerce; and, though they muſt have been a moſt inconvenient one, yet in old times we find things were frequently valued according to the number of cattle which had been given in exchange for them. The armour of Diomede, ſays Homer, coſt only nine oxen; but that of Glaucus coſt an hundred oxen. Salt is ſaid to be

be the common inſtrument of commerce and exchanges in Abyſſinia; a ſpecies of ſhells in ſome parts of the coaſt of India; dried cod at Newfoundland; tobacco in Virginia; ſugar in ſome of our Weſt India colonies; hides or dreſſed leather in ſome other countries; and there is at this day a village in Scotland where it is not uncommon, I am told, for a workman to carry nails inſtead of money to the baker's ſhop or the ale houſe. CHAP. IV.

In all countries, however, men ſeem at laſt to have been determined by irreſiſtible reaſons to give the preference, for this employment, to metals above every other commodity. Metals can not only be kept with as little loſs as any other commodity, ſcarce any thing being leſs periſhable than they are, but they can likewiſe, without any loſs, be divided into any number of parts, as by fuſion thoſe parts can eaſily be reunited again; a quality which no other equally durable commodities poſſeſs, and which more than any other quality renders them fit to be the inſtruments of commerce and circulation. The man who wanted to buy ſalt, for example, and had nothing but cattle to give in exchange for it, muſt have been obliged to buy ſalt to the value of a whole ox, or a whole ſheep, at a time. He could ſeldom buy leſs than this, becauſe what he was to give for it could ſeldom be divided without loſs; and if he had a mind to buy more, he muſt, for the ſame reaſons, have been obliged to buy double or triple the quantity, the value, to wit, of two or three oxen, or

BOOK I. of two or three ſheep. If, on the contrary, inſtead of ſheep or oxen, he had metals to give in exchange for it, he could eaſily proportion the quantity of the metal to the preciſe quantity of the commodity which he had immediate occaſion for.

Different metals have been made uſe of by different nations for this purpoſe. Iron was the common inſtrument of commerce among the antient Spartans; copper among the antient Romans; and gold and ſilver among all rich and commercial nations.

Thoſe metals ſeem originally to have been made uſe of for this purpoſe in rude bars, without any ſtamp or coinage. Thus we are told by Pliny *, upon the authority of Timæus, an antient hiſtorian, that, till the time of Servius Tullius, the Romans had no coined money, but made uſe of unſtamped bars of copper, to purchaſe whatever they had occaſion for. Theſe rude bars, therefore, performed at this time the function of money.

The uſe of metals in this rude ſtate was attended with two very conſiderable inconveniencies; firſt, with the trouble of weighing; and, ſecondly, with that of aſſaying them. In the precious metals, where a ſmall difference in the quantity makes a great difference in the value, even the buſineſs of weighing, with proper exactneſs, requires at leaſt very accurate weights and ſcales. The weighing of gold in particular is an

* Plin. Hiſt. Nat. lib. 33. cap. 3.

operation

operation of ſome nicety. In the coarſer metals, indeed, where a ſmall error would be of little conſequence, leſs accuracy would, no doubt, be neceſſary. Yet we ſhould find it exceſſively troubleſome, if every time a poor man had occaſion either to buy or ſell a farthing's worth of goods, he was obliged to weigh the farthing. The operation of aſſaying is ſtill more difficult, ſtill more tedious, and, unleſs a part of the metal is fairly melted in the crucible, with proper diſſolvents, any concluſion that can be drawn from it, is extremely uncertain. Before the inſtitution of coined money, however, unleſs they went through this tedious and difficult operation, people muſt always have been liable to the groſſeſt frauds and impoſitions, and inſtead of a pound weight of pure ſilver, or pure copper, might receive in exchange for their goods, an adulterated compoſition of the coarſeſt and cheapeſt materials, which had, however, in their outward appearance, been made to reſemble thoſe metals. To prevent ſuch abuſes, to facilitate exchanges, and thereby to encourage all ſorts of induſtry and commerce, it has been found neceſſary, in all countries that have made any conſiderable advances towards improvement, to affix a public ſtamp upon certain quantities of ſuch particular metals, as were in thoſe countries commonly made uſe of to purchaſe goods. Hence the origin of coined money, and of thoſe public offices called mints; inſtitutions exactly of the ſame nature with thoſe of the aulnagers and ſtampmaſters of woollen

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and linen cloth. All of them are equally meant to aſcertain, by means of a public ſtamp, the quantity and uniform goodneſs of thoſe different commodities when brought to market.

The firſt public ſtamps of this kind that were affixed to the current metals, ſeem in many caſes to have been intended to aſcertain, what it was both moſt difficult and moſt important to aſcertain, the goodneſs or fineneſs of the metal, and to have reſembled the ſterling mark which is at preſent affixed to plate and bars of ſilver, or the Spaniſh mark which is ſometimes affixed to ingots of gold, and which being ſtruck only upon one ſide of the piece, and not covering the whole ſurface, aſcertains the fineneſs, but not the weight of the metal. Abraham weighs to Ephron the four hundred ſhekels of ſilver which he had agreed to pay for the field of Machpelah. They are ſaid however to be the current money of the merchant, and yet are received by weight and not by tale, in the ſame manner as ingots of gold and bars of ſilver are at preſent. The revenues of the antient Saxon kings of England are ſaid to have been paid, not in money but in kind, that is, in victuals and proviſions of all ſorts. William the Conqueror introduced the cuſtom of paying them in money. This money, however, was, for a long time, received at the exchequer, by weight and not by tale.

The inconveniency and difficulty of weighing thoſe metals with exactneſs gave occaſion to the inſtitution of coins, of which the ſtamp, covering entirely both ſides of the piece and ſometimes the

the edges too, was ſuppoſed to aſcertain not only the fineneſs, but the weight of the metal. Such coins, therefore, were received by tale as at preſent, without the trouble of weighing. CHAP. IV.

The denominations of thoſe coins ſeem originally to have expreſſed the weight or quantity of metal contained in them. In the time of Servius Tullius, who firſt coined money at Rome, the Roman As or Pondo contained a Roman pound of good copper. It was divided in the ſame manner as our Troyes pound, into twelve ounces, each of which contained a real ounce of good copper. The Engliſh pound ſterling in the time of Edward I. contained a pound, Tower weight, of ſilver of a known fineneſs. The Tower pound ſeems to have been ſomething more than the Roman pound, and ſomething leſs than the Troyes pound. This laſt was not introduced into the mint of England till the 18th of Henry VIII. The French livre contained in the time of Charlemagne a pound, Troyes weight, of ſilver of a known fineneſs. The fair of Troyes in Champaign was at that time frequented by all the nations of Europe, and the weights and meaſures of ſo famous a market were generally known and eſteemed. The Scots money pound contained, from the time of Alexander the Firſt to that of Robert Bruce, a pound of ſilver of the ſame weight and fineneſs with the Engliſh pound ſterling. Engliſh, French, and Scots pennies too, contained all of them originally a real pennyweight of ſilver, the twentieth part of an ounce, and

BOOK I. the two-hundred-and-fortieth part of a pound. The ſhilling too ſeems originally to have been the denomination of a weight. *When wheat is at twelve ſhillings the quarter*, ſays an antient ſtatute of Henry III. *then waſtel bread of a farthing ſhall weigh eleven ſhillings and four pence.* The proportion, however, between the ſhilling and either the penny on the one hand, or the pound on the other, ſeems not to have been ſo conſtant and uniform as that between the penny and the pound. During the firſt race of the kings of France, the French ſou or ſhilling appears upon different occaſions to have contained five, twelve, twenty, and forty pennies. Among the antient Saxons a ſhilling appears at one time to have contained only five pennies, and it is not improbable that it may have been as variable among them as among their neighbours, the antient Franks. From the time of Charlemagne among the French, and from that of William the Conqueror among the Engliſh, the proportion between the pound, the ſhilling, and the penny, ſeems to have been uniformly the ſame as at preſent, though the value of each has been very different. For in every country of the world, I believe, the avarice and injuſtice of princes and ſovereign ſtates, abuſing the confidence of their ſubjects, have by degrees diminiſhed the real quantity of metal, which had been originally contained in their coins. The Roman As, in the latter ages of the Republic, was reduced to the twenty-fourth part of its original value, and, inſtead of weighing a pound, came to weigh only half

half an ounce. The Engliſh pound and penny contain at preſent about a third only; the Scots pound and penny about a thirty-ſixth; and the French pound and penny about a ſixty-ſixth part of their original value. By means of thoſe operations the princes and ſovereign ſtates which performed them were enabled, in appearance, to pay their debts and to fulfil their engagements with a ſmaller quantity of ſilver than would otherwiſe have been requiſite. It was indeed in appearance only; for their creditors were really defrauded of a part of what was due to them. All other debtors in the ſtate were allowed the ſame privilege, and might pay with the ſame nominal ſum of the new and debaſed coin whatever they had borrowed in the old. Such operations, therefore, have always proved favourable to the debtor, and ruinous to the creditor, and have ſometimes produced a greater and more univerſal revolution in the fortunes of private perſons, than could have been occaſioned by a very great public calamity. CHAP. IV.

It is in this manner that money has become in all civilized nations the univerſal inſtrument of commerce, by the intervention of which goods of all kinds are bought and ſold, or exchanged for one another.

What are the rules which men naturally obſerve in exchanging them either for money or for one another, I ſhall now proceed to examine. Theſe rules determine what may be called the relative or exchangeable value of goods.

BOOK I.

The word VALUE, it is to be obſerved, has two different meanings, and ſometimes expreſſes the utility of ſome particular object, and ſometimes the power of purchaſing other goods which the poſſeſſion of that object conveys. The one may be called "value in uſe;" the other, "value "in exchange." The things which have the greateſt value in uſe have frequently little or no value in exchange; and on the contrary, thoſe which have the greateſt value in exchange have frequently little or no value in uſe. Nothing is more uſeful than water: but it will purchaſe ſcarce any thing; ſcarce any thing can be had in exchange for it. A diamond, on the contrary, has ſcarce any value in uſe; but a very great quantity of other goods may frequently be had in exchange for it.

In order to inveſtigate the principles which regulate the exchangeable value of commodities, I ſhall endeavour to ſhew,

Firſt, what is the real meaſure of this exchangeable value; or, wherein conſiſts the real price of all commodities.

Secondly, what are the different parts of which this real price is compoſed or made up.

And, laſtly, what are the different circumſtances which ſometimes raiſe ſome or all of theſe different parts of price above, and ſometimes ſink them below their natural or ordinary rate; or, what are the cauſes which ſometimes hinder the market price, that is, the actual price of commodities, from coinciding exactly with what may be called their natural price.

I ſhall endeavour to explain, as fully and diſtinctly as I can, thoſe three ſubjects in the three following chapters, for which I muſt very earneſtly entreat both the patience and attention of the reader: his patience in order to examine a detail which may perhaps in ſome places appear unneceſſarily tedious; and his attention in order to underſtand what may, perhaps, after the fulleſt explication which I am capable of giving of it, appear ſtill in ſome degree obſcure. I am always willing to run ſome hazard of being tedious in order to be ſure that I am perſpicuous; and after taking the utmoſt pains that I can to be perſpicuous, ſome obſcurity may ſtill appear to remain upon a ſubject in its own nature extremely abſtracted. CHAP. IV.

CHAP. V.

Of the real and nominal Price of Commodities, or of their Price in Labour, and their Price in Money.

EVERY man is rich or poor according to the degree in which he can afford to enjoy the neceſſaries, conveniencies, and amuſements of human life. But after the diviſion of labour has once thoroughly taken place, it is but a very ſmall part of theſe with which a man's own labour can ſupply him. The far greater part of them he muſt derive from the labour of other people, CHAP. V.

BOOK I.

people, and he muſt be rich or poor according to the quantity of that labour which he can command, or which he can afford to purchaſe. The value of any commodity, therefore, to the perſon who poſſeſſes it, and who means not to uſe or conſume it himſelf, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchaſe or command. Labour, therefore, is the real meaſure of the exchangeable value of all commodities.

The real price of every thing, what every thing really coſts to the man who wants to acquire it, is the toil and trouble of acquiring it. What every thing is really worth to the man who has acquired it, and who wants to diſpoſe of it or exchange it for ſomething elſe, is the toil and trouble which it can ſave to himſelf, and which it can impoſe upon other people. What is bought with money or with goods is purchaſed by labour, as much as what we acquire by the toil of our own body. That money or thoſe goods indeed ſave us this toil. They contain the value of a certain quantity of labour which we exchange for what is ſuppoſed at the time to contain the value of an equal quantity. Labour was the firſt price, the original purchaſe-money that was paid for all things. It was not by gold or by ſilver, but by labour, that all the wealth of the world was originally purchaſed; and its value, to thoſe who poſſeſs it, and who want to exchange it for ſome new productions, is preciſely equal to the quantity of labour which it can enable them to purchaſe or command.

Wealth

Wealth, as Mr. Hobbes ſays, is power. But the perſon who either acquires, or ſucceeds to a great fortune, does not neceſſarily acquire or ſucceed to any political power, either civil or military. His fortune may, perhaps, afford him the means of acquiring both, but the mere poſſeſſion of that fortune does not neceſſarily convey to him either. The power which that poſſeſſion immediately and directly conveys to him, is the power of purchaſing; a certain command over all the labour, or over all the produce of labour which is then in the market. His fortune is greater or leſs, preciſely in proportion to the extent of this power; or to the quantity either of other men's labour, or, what is the ſame thing, of the produce of other men's labour, which it enables him to purchaſe or command. The exchangeable value of every thing muſt always be preciſely equal to the extent of this power which it conveys to its owner.

But though labour be the real meaſure of the exchangeable value of all commodities, it is not that by which their value is commonly eſtimated. It is often difficult to aſcertain the proportion between two different quantities of labour. The time ſpent in two different ſorts of work will not always alone determine this proportion. The different degrees of hardſhip endured, and of ingenuity exerciſed, muſt likewiſe be taken into account. There may be more labour in an hour's hard work than in two hours eaſy buſineſs; or in an hour's application to a trade which it coſt ten years labour to learn, than

BOOK I. than in a month's induſtry at an ordinary and obvious employment. But it is not eaſy to find any accurate meaſure either of hardſhip or ingenuity. In exchanging indeed the different productions of different ſorts of labour for one another, ſome allowance is commonly made for both. It is adjuſted, however, not by any accurate meaſure, but by the higgling and bargaining of the market, according to that ſort of rough equality which, though not exact, is ſufficient for carrying on the buſineſs of common life.

Every commodity beſides, is more frequently exchanged for, and thereby compared with, other commodities than with labour. It is more natural therefore, to eſtimate its exchangeable value by the quantity of ſome other commodity than by that of the labour which it can purchaſe. The greater part of people too underſtand better what is meant by a quantity of a particular commodity, than by a quantity of labour. The one is a plain palpable object; the other an abſtract notion, which, though it can be made ſufficiently intelligible, is not altogether ſo natural and obvious.

But when barter ceaſes, and money has become the common inſtrument of commerce, every particular commodity is more frequently exchanged for money than for any other commodity. The butcher ſeldom carries his beef or his mutton to the baker, or the brewer, in order to exchange them for bread or for beer; but he carries them to the market, where he exchanges them for money, and afterwards exchanges that money

money for bread and for beer. The quantity of money which he gets for them regulates too the quantity of bread and beer which he can afterwards purchaſe. It is more natural and obvious to him, therefore, to eſtimate their value by the quantity of money, the commodity for which he immediately exchanges them, than by that of bread and beer, the commodities for which he can exchange them only by the intervention of another commodity; and rather to ſay that his butcher's meat is worth threepence or fourpence a pound, than that it is worth three or four pounds of bread, or three or four quarts of ſmall beer. Hence it comes to paſs, that the exchangeable value of every commodity is more frequently eſtimated by the quantity of money, than by the quantity either of labour or of any other commodity which can be had in exchange for it. CHAP. V.

Gold and ſilver, however, like every other commodity, vary in their value, are ſometimes cheaper and ſometimes dearer, ſometimes of eaſier and ſometimes of more difficult purchaſe. The quantity of labour which any particular quantity of them can purchaſe or command, or the quantity of other goods which it will exchange for, depends always upon the fertility or barrenneſs of the mines which happen to be known about the time when ſuch exchanges are made. The diſcovery of the abundant mines of America reduced, in the ſixteenth century, the value of gold and ſilver in Europe to about a third of what it had been before. As it coſts leſs labour

to

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to bring thoſe metals from the mine to the market, ſo when they were brought thither they could purchaſe or command leſs labour; and this revolution in their value, though perhaps the greateſt, is by no means the only one of which hiſtory gives ſome account. But as a meaſure of quantity, ſuch as the natural foot, fathom, or handful, which is continually varying in its own quantity, can never be an accurate meaſure of the quantity of other things; ſo a commodity which is itſelf continually varying in its own value, can never be an accurate meaſure of the value of other commodities. Equal quantities of labour, at all times and places, may be ſaid to be of equal value to the labourer. In his ordinary ſtate of health, ſtrength and ſpirits; in the ordinary degree of his ſkill and dexterity, he muſt always lay down the ſame portion of his eaſe, his liberty, and his happineſs. The price which he pays muſt always be the ſame, whatever may be the quantity of goods which he receives in return for it. Of theſe indeed it may ſometimes purchaſe a greater and ſometimes a ſmaller quantity; but it is their value which varies, not that of the labour which purchaſes them. At all times and places that is dear which it is difficult to come at, or which it coſts much labour to acquire; and that cheap which is to be had eaſily, or with very little labour. Labour alone, therefore, never varying in its own value, is alone the ultimate and real ſtandard by which the value of all commodities can at all times and places be eſtimated and compared.

compared. It is their real price; money is their nominal price only. CHAP. V.

But though equal quantities of labour are always of equal value to the labourer, yet to the perſon who employs him they appear ſometimes to be of greater and ſometimes of ſmaller value. He purchaſes them ſometimes with a greater and ſometimes with a ſmaller quantity of goods, and to him the price of labour ſeems to vary like that of all other things. It appears to him dear in the one caſe, and cheap in the other. In reality, however, it is the goods which are cheap in the one caſe, and dear in the other.

In this popular ſenſe, therefore, labour, like commodities, may be ſaid to have a real and a nominal price. Its real price may be ſaid to conſiſt in the quantity of the neceſſaries and conveniences of life which are given for it; its nominal price, in the quantity of money. The labourer is rich or poor, is well or ill rewarded, in proportion to the real, not to the nominal price of his labour.

The diſtinction between the real and the nominal price of commodities and labour, is not a matter of mere ſpeculation, but may ſometimes be of conſiderable uſe in practice. The ſame real price is always of the ſame value; but on account of the variations in the value of gold and ſilver, the ſame nominal price is ſometimes of very different values. When a landed eſtate, therefore, is ſold with a reſervation of a perpetual rent, if it is intended that this rent ſhould always be of the ſame value, it is of importance

BOOK I. to the family in whoſe favour it is reſerved, that it ſhould not conſiſt in a particular ſum of money. Its value would in this caſe be liable to variations of two different kinds; firſt, to thoſe which ariſe from the different quantities of gold and ſilver which are contained at different times in coin of the ſame denomination; and, ſecondly, to thoſe which ariſe from the different values of equal quantities of gold and ſilver at different times.

Princes and ſovereign ſtates have frequently fancied that they had a temporary intereſt to diminiſh the quantity of pure metal contained in their coins; but they ſeldom have fancied that they had any to augment it. The quantity of metal contained in the coins, I believe of all nations, has, accordingly, been almoſt continually diminiſhing, and hardly ever augmenting. Such variations therefore tend almoſt always to diminiſh the value of a money rent.

The diſcovery of the mines of America diminiſhed the value of gold and ſilver in Europe. This diminution, it is commonly ſuppoſed, though I apprehend without any certain proof, is ſtill going on gradually, and is likely to continue to do ſo for a long time. Upon this ſuppoſition, therefore, ſuch variations are more likely to diminiſh, than to augment the value of a money rent, even though it ſhould be ſtipulated to be paid, not in ſuch a quantity of coined money of ſuch a denomination (in ſo many pounds ſterling, for example), but in ſo many ounces either of pure ſilver, or of ſilver of a certain ſtandard.

The

The rents which have been reſerved in corn have preſerved their value much better than thoſe which have been reſerved in money, even where the denomination of the coin has not been altered. By the 18th of Elizabeth it was enacted, That a third of the rent of all college leaſes ſhould be reſerved in corn, to be paid, either in kind, or according to the current prices at the neareſt public market. The money ariſing from this corn rent, though originally but a third of the whole, is in the preſent times, according to Doctor Blackſtone, commonly near double of what ariſes from the other two-thirds. The old money rents of colleges muſt, according to this account, have ſunk almoſt to a fourth part of their ancient value; or are worth little more than a fourth part of the corn which they were formerly worth. But ſince the reign of Philip and Mary the denomination of the Engliſh coin has undergone little or no alteration, and the ſame number of pounds, ſhillings and pence have contained very nearly the ſame quantity of pure ſilver. This degradation, therefore, in the value of the money rents of colleges, has ariſen altogether from the degradation in the value of ſilver.

When the degradation in the value of ſilver is combined with the diminution of the quantity of it contained in the coin of the ſame denomination, the loſs is frequently ſtill greater. In Scotland, where the denomination of the coin has undergone much greater alterations than it ever did in England, and in France, where it has

BOOK I. undergone ſtill greater than it ever did in Scotland, ſome ancient rents, originally of conſiderable value, have in this manner been reduced almoſt to nothing.

Equal quantities of labour will at diſtant times be purchaſed more nearly with equal quantities of corn, the ſubſiſtence of the labourer, than with equal quantities of gold and ſilver, or perhaps of any other commodity. Equal quantities of corn, therefore, will, at diſtant times, be more nearly of the ſame real value, or enable the poſſeſſor to purchaſe or command more nearly the ſame quantity of the labour of other people. They will do this, I ſay, more nearly than equal quantities of almoſt any other commodity; for even equal quantities of corn will not do it exactly. The ſubſiſtence of the labourer, or the real price of labour, as I ſhall endeavour to ſhow hereafter, is very different upon different occaſions; more liberal in a ſociety advancing to opulence, than in one that is ſtanding ſtill; and in one that is ſtanding ſtill, than in one that is going backwards. Every other commodity, however, will at any particular time purchaſe a greater or ſmaller quantity of labour in proportion to the quantity of ſubſiſtence which it can purchaſe at that time. A rent therefore reſerved in corn is liable only to the variations in the quantity of labour which a certain quantity of corn can purchaſe. But a rent reſerved in any other commodity is liable, not only to the variations in the quantity of labour which any particular quantity of corn can

purchaſe, but to the variations in the quantity of corn which can be purchaſed by any particular quantity of that commodity. CHAP. V.

Though the real value of a corn rent, it is to be obſerved however, varies much leſs from century to century than that of a money rent, it varies much more from year to year. The money price of labour, as I ſhall endeavour to ſhow hereafter, does not fluctuate from year to year with the money price of corn, but ſeems to be every where accommodated, not to the temporary or occaſional, but to the average or ordinary price of that neceſſary of life. The average or ordinary price of corn again is regulated, as I ſhall likewiſe endeavour to ſhow hereafter, by the value of ſilver, by the richneſs or barrenneſs of the mines which ſupply the market with that metal, or by the quantity of labour which muſt be employed, and conſequently of corn which muſt be conſumed, in order to bring any particular quantity of ſilver from the mine to the market. But the value of ſilver, though it ſometimes varies greatly from century to century, ſeldom varies much from year to year, but frequently continues the ſame, or very nearly the ſame, for half a century or a century together. The ordinary or average money price of corn, therefore, may, during ſo long a period, continue the ſame or very nearly the ſame too, and along with it the money price of labour, provided, at leaſt, the ſociety continues, in other reſpects, in the ſame or nearly in the ſame condition. In the mean time the temporary and

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occaſional price of corn may frequently be double, one year, of what it had been the year before, or fluctuate, for example, from five and twenty to fifty ſhillings the quarter. But when corn is at the latter price, not only the nominal, but the real value of a corn rent will be double of what it is when at the former, or will command double the quantity either of labour or of the greater part of other commodities; the money price of labour, and along with it that of moſt other things, continuing the ſame during all theſe fluctuations.

Labour, therefore, it appears evidently, is the only univerſal, as well as the only accurate meaſure of value, or the only ſtandard by which we can compare the values of different commodities at all times and at all places. We cannot eſtimate, it is allowed, the real value of different commodities from century to century by the quantities of ſilver which were given for them. We cannot eſtimate it from year to year by the quantities of corn. By the quantities of labour we can, with the greateſt accuracy, eſtimate it both from century to century and from year to year. From century to century, corn is a better meaſure than ſilver, becauſe, from century to century, equal quantities of corn will command the ſame quantity of labour more nearly than equal quantities of ſilver. From year to year, on the contrary, ſilver is a better meaſure than corn, becauſe equal quantities of it will more nearly command the ſame quantity of labour.

CHAP. V.

But though in eſtabliſhing perpetual rents, or even in letting very long leaſes, it may be of uſe to diſtinguiſh between the real and nominal price; it is of none in buying and ſelling, the more common and ordinary tranſactions of human life.

At the ſame time and place the real and the nominal price of all commodities are exactly in proportion to one another. The more or leſs money you get for any commodity, in the London market, for example, the more or leſs labour it will at that time and place enable you to purchaſe or command. At the ſame time and place, therefore, money is the exact meaſure of the real exchangeable value of all commodities. It is ſo, however, at the ſame time and place only.

Though at diſtant places, there is no regular proportion between the real and the money price of commodities, yet the merchant who carries goods from the one to the other has nothing to conſider but their money price, or the difference between the quantity of ſilver for which he buys them, and that for which he is likely to ſell them. Half an ounce of ſilver at Canton in China may command a greater quantity both of labour and of the neceſſaries and conveniences of life, than an ounce at London. A commodity, therefore, which ſells for half an ounce of ſilver at Canton may there be really dearer, of more real importance to the man who poſſeſſes it there, than a commodity which ſells for an ounce at London is to the man who poſſeſſes it at London.

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don. If a London merchant, however, can buy at Canton for half an ounce of ſilver, a commodity which he can afterwards ſell at London for an ounce, he gains a hundred per cent. by the bargain, juſt as much as if an ounce of ſilver was at London exactly of the ſame value as at Canton. It is of no importance to him that half an ounce of ſilver at Canton would have given him the command of more labour and of a greater quantity of the neceſſaries and conveniences of life than an ounce can do at London. An ounce at London will always give him the command of double the quantity of all theſe, which half an ounce could have done there, and this is preciſely what he wants.

As it is the nominal or money price of goods, therefore, which finally determines the prudence or imprudence of all purchaſes and ſales, and thereby regulates almoſt the whole buſineſs of common life in which price is concerned, we cannot wonder that it ſhould have been ſo much more attended to than the real price.

In ſuch a work as this, however, it may ſometimes be of uſe to compare the different real values of a particular commodity at different times and places, or the different degrees of power over the labour of other people which it may, upon different occaſions, have given to thoſe who poſſeſſed it. We muſt in this caſe compare, not ſo much the different quantities of ſilver for which it was commonly ſold, as the different quantities of labour which thoſe different quantities of ſilver could have purchaſed.

But

But the current prices of labour at diſtant times and places can ſcarce ever be known with any degree of exactneſs. Thoſe of corn, though they have in few places been regularly recorded, are in general better known, and have been more frequently taken notice of by hiſtorians and other writers. We muſt, generally, therefore, content ourſelves with them, not as being always exactly in the ſame proportion as the current prices of labour, but as being the neareſt approximation which can commonly be had to that proportion. I ſhall hereafter have occaſion to make ſeveral compariſons of this kind.

In the progreſs of induſtry, commercial nations have found it convenient to coin ſeveral different metals into money; gold for larger payments, ſilver for purchaſes of moderate value, and copper, or ſome other coarſe metal, for thoſe of ſtill ſmaller conſideration. They have always, however, conſidered one of thoſe metals as more peculiarly the meaſure of value than any of the other two; and this preference ſeems generally to have been given to the metal which they happened firſt to make uſe of as the inſtrument of commerce. Having once began to uſe it as their ſtandard, when they muſt have done when they had no other money, they have generally continued to do even when the neceſſity was not the ſame.

The Romans are ſaid to have had nothing but copper money till within five years before the firſt

BOOK I. firſt Punic war *, when they firſt began to coin ſilver. Copper, therefore, appears to have continued always the meaſure of value in that republic. At Rome all accounts appear to have been kept, and the value of all eſtates to have been computed, either in *Aſſes* or in *Seſtertii*. The *As* was always the denomination of a copper coin. The word *Seſtertius* ſignifies two *Aſſes* and a half. Though the *Seſtertius*, therefore, was originally a ſilver coin, its value was eſtimated in copper. At Rome, one who owed a great deal of money, was ſaid to have a great deal of other people's copper.

The northern nations who eſtabliſhed themſelves upon the ruins of the Roman empire, ſeem to have had ſilver money from the firſt beginning of their ſettlements, and not to have known either gold or copper coins for ſeveral ages thereafter. There were ſilver coins in England in the time of the Saxons; but there was little gold coined till the time of Edward III. nor any copper till that of James I. of Great Britain. In England, therefore, and for the ſame reaſon, I believe, in all other modern nations of Europe, all accounts are kept, and the value of all goods and of all eſtates is generally computed in ſilver: and when we mean to expreſs the amount of a perſon's fortune, we ſeldom mention the number of guineas, but the number of pounds ſterling which we ſuppoſe would be given for it.

* Pliny, lib. xxxiii. c. 3.

Ori-

CHAP. V.

Originally, in all countries, I believe, a legal tender of payment could be made only in the coin of that metal, which was peculiarly conſidered as the ſtandard or meaſure of value. In England, gold was not conſidered as a legal tender for a long time after it was coined into money. The proportion between the values of gold and ſilver money was not fixed by any public law or proclamation; but was left to be ſettled by the market. If a debtor offered payment in gold, the creditor might either reject ſuch payment altogether, or accept of it at ſuch a valuation of the gold as he and his debtor could agree upon. Copper is not at preſent a legal tender, except in the change of the ſmaller ſilver coins. In this ſtate of things the diſtinction between the metal which was the ſtandard, and that which was not the ſtandard, was ſomething more than a nominal diſtinction.

In proceſs of time, and as people became gradually more familiar with the uſe of the different metals in coin, and conſequently better acquainted with the proportion between their reſpective values, it has in moſt countries, I believe, been found convenient to aſcertain this proportion, and to declare by a public law that a guinea, for example, of ſuch a weight and fineneſs, ſhould exchange for one-and-twenty ſhillings, or be a legal tender for a debt of that amount. In this ſtate of things, and during the continuance of any one regulated proportion of this kind, the diſtinction between the metal which is the ſtandard, and that which is not the

ſtandard,

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ſtandard, becomes little more than a nominal diſtinction.

In conſequence of any change, however, in this regulated proportion, this diſtinction becomes, or at leaſt ſeems to become, ſomething more than nominal again. If the regulated value of a guinea, for example, was either reduced to twenty, or raiſed to two-and-twenty ſhillings, all accounts being kept and almoſt all obligations for debt being expreſſed in ſilver money, the greater part of payments could in either caſe be made with the ſame quantity of ſilver money as before; but would require very different quantities of gold money; a greater in the one caſe, and a ſmaller in the other. Silver would appear to be more invariable in its value than gold. Silver would appear to meaſure the value of gold, and gold would not appear to meaſure the value of ſilver. The value of gold would ſeem to depend upon the quantity of ſilver which it would exchange for; and the value of ſilver would not ſeem to depend upon the quantity of gold which it would exchange for. This difference, however, would be altogether owing to the cuſtom of keeping accounts, and of expreſſing the amount of all great and ſmall ſums rather in ſilver than in gold money. One of Mr. Drummond's notes for five-and-twenty or fifty guineas would, after an alteration of this kind, be ſtill payable with five-and-twenty or fifty guineas in the ſame manner as before. It would, after ſuch an alteration, be payable with the ſame quantity of gold as before, but with very

very different quantities of ſilver. In the payment of ſuch a note, gold would appear to be more invariable in its value than ſilver. Gold would appear to meaſure the value of ſilver, and ſilver would not appear to meaſure the value of gold. If the cuſtom of keeping accounts, and of expreſſing promiſſory notes and other obligations for money in this manner, ſhould ever become general, gold, and not ſilver, would be conſidered as the metal which was peculiarly the ſtandard or meaſure of value. CHAP. V.

In reality, during the continuance of any one regulated proportion between the reſpective values of the different metals in coin, the value of the moſt precious metal regulates the value of the whole coin. Twelve copper pence contain half a pound, avoirdupois, of copper, of not the beſt quality, which, before it is coined, is ſeldom worth ſeven-pence in ſilver. But as by the regulation twelve ſuch pence are ordered to exchange for a ſhilling, they are in the market conſidered as worth a ſhilling, and a ſhilling can at any time be had for them. Even before the late reformation of the gold coin of Great Britain, the gold, that part of it at leaſt which circulated in London and its neighbourhood, was in general leſs degraded below its ſtandard weight than the greater part of the ſilver. One and twenty worn and defaced ſhillings, however, were conſidered as equivalent to a guinea, which perhaps, indeed, was worn and defaced too, but ſeldom ſo much ſo. The late regulations have brought the gold coin as near perhaps to its ſtandard weight as it is poſſible to bring the current

BOOK I. rent coin of any nation; and the order, to receive no gold at the public offices but by weight, is likely to preſerve it ſo, as long as that order is enforced. The ſilver coin ſtill continues in the ſame worn and degraded ſtate as before the reformation of the gold coin. In the market, however, one-and-twenty ſhillings of this degraded ſilver coin are ſtill conſidered as worth a guinea of this excellent gold coin.

The reformation of the gold coin has evidently raiſed the value of the ſilver coin which can be exchanged for it.

In the Engliſh mint a pound weight of gold is coined into forty-four guineas and a half, which, at one-and-twenty ſhillings the guinea, is equal to forty-ſix pounds fourteen ſhillings and ſixpence. An ounce of ſuch gold coin, therefore, is worth 3*l.* 17*s.* 10½*d.* in ſilver. In England no duty or ſeignorage is paid upon the coinage, and he who carries a pound weight or an ounce weight of ſtandard gold bullion to the mint, gets back a pound weight or an ounce weight of gold in coin, without any deduction. Three pounds ſeventeen ſhillings and ten-pence halfpenny an ounce, therefore, is ſaid to be the mint price of gold in England, or the quantity of gold coin which the mint gives in return for ſtandard gold bullion.

Before the reformation of the gold coin, the price of ſtandard gold bullion in the market had for many years been upwards of 3*l.* 18*s.* ſometimes 3*l.* 19*s.* and very frequently 4*l.* an ounce; that ſum, it is probable, in the worn and degraded

graded gold coin, ſeldom containing more than an ounce of ſtandard gold. Since the reformation of the gold coin, the market price of ſtandard gold bullion ſeldom exceeds 3*l.* 17*s.* 7*d* an ounce. Before the reformation of the gold coin, the market price was always more or leſs above the mint price. Since that reformation, the market price has been conſtantly below the mint price. But that market price is the ſame whether it is paid in gold or in ſilver coin. The late reformation of the gold coin, therefore, has raiſed not only the value of the gold coin, but likewiſe that of the ſilver coin in proportion to gold bullion, and probably too in proportion to all other commodities; though the price of the greater part of other commodities being influenced by ſo many other cauſes, the riſe in the value either of gold or ſilver coin in proportion to them, may not be ſo diſtinct and ſenſible. CHAP. V.

In the Engliſh mint a pound weight of ſtandard ſilver bullion is coined into ſixty-two ſhillings, containing, in the ſame manner, a pound weight of ſtandard ſilver. Five ſhillings and two-pence an ounce, therefore, is ſaid to be the mint price of ſilver in England, or the quantity of ſilver coin which the mint gives in return for ſtandard ſilver bullion. Before the reformation of the gold coin, the market price of ſtandard ſilver bullion was, upon different occaſions, five ſhillings and four-pence, five ſhillings and five-pence, five ſhillings and ſix-pence, five ſhillings and ſeven-pence, and very often five ſhillings and eight-pence an ounce. Five ſhillings and ſeven-

pence,

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pence, however, ſeems to have been the moſt common price. Since the reformation of the gold coin, the market price of ſtandard ſilver bullion has fallen occaſionally to five ſhillings and three-pence, five ſhillings and four-pence, and five ſhillings and five-pence an ounce, which laſt price it has ſcarce ever exceeded. Though the market price of ſilver bullion has fallen conſiderably ſince the reformation of the gold coin, it has not fallen ſo low as the mint price.

In the proportion between the different metals in the Engliſh coin, as copper is rated very much above its real value, ſo ſilver is rated ſomewhat below it. In the market of Europe, in the French coin and in the Dutch coin, an ounce of fine gold exchanges for about fourteen ounces of fine ſilver. In the Engliſh coin, it exchanges for about fifteen ounces, that is, for more ſilver than it is worth according to the common eſtimation of Europe. But as the price of copper in bars is not, even in England, raiſed by the high price of copper in Engliſh coin, ſo the price of ſilver in bullion is not ſunk by the low rate of ſilver in Engliſh coin. Silver in bullion ſtill preſerves its proper proportion to gold; for the ſame reaſon that copper in bars preſerves its proper proportion to ſilver.

Upon the reformation of the ſilver coin in the reign of William III. the price of ſilver bullion ſtill continued to be ſomewhat above the mint price. Mr. Locke imputed this high price to the permiſſion of exporting ſilver bullion, and to the prohibition of exporting ſilver coin. This permiſſion

permiſſion of exporting, he ſaid, rendered the demand for ſilver bullion greater than the demand for ſilver coin. But the number of people who want ſilver coin for the common uſes of buying and ſelling at home, is ſurely much greater than that of thoſe who want ſilver bullion either for the uſe of exportation or for any other uſe. There ſubſiſts at preſent a like permiſſion of exporting gold bullion, and a like prohibition of exporting gold coin; and yet the price of gold bullion has fallen below the mint price. But in the Engliſh coin ſilver was then, in the ſame manner as now, under-rated in proportion to gold; and the gold coin (which at that time too was not ſuppoſed to require any reformation) regulated then, as well as now, the real value of the whole coin. As the reformation of the ſilver coin did not then reduce the price of ſilver bullion to the mint price, it is not very probable that a like reformation will do ſo now. A P. V.

Were the ſilver coin brought back as near to its ſtandard weight as the gold, a guinea, it is probable, would, according to the preſent proportion, exchange for more ſilver in coin than it would purchaſe in bullion. The ſilver containing its full ſtandard weight, there would in this caſe be a profit in melting it down, in order, firſt, to ſell the bullion for gold coin, and afterwards to exchange this gold coin for ſilver coin to be melted down in the ſame manner. Some alteration in the preſent proportion ſeems to be the only method of preventing this inconveniency.

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The inconveniency perhaps would be leſs if ſilver was rated in the coin as much above its proper proportion to gold as it is at preſent rated below it; provided it was at the ſame time enacted that ſilver ſhould not be a legal tender for more than the change of a guinea; in the ſame manner as copper is not a legal tender for more than the change of a ſhilling. No creditor could in this caſe be cheated in conſequence of the high valuation of ſilver in coin; as no creditor can at preſent be cheated in conſequence of the high valuation of copper. The bankers only would ſuffer by this regulation. When a run comes upon them they ſometimes endeavour to gain time by paying in ſixpences, and they would be precluded by this regulation from this diſcreditable method of evading immediate payment. They would be obliged in conſequence to keep at all times in their coffers a greater quantity of caſh than at preſent; and though this might no doubt be a conſiderable inconveniency to them, it would at the ſame time be a conſiderable ſecurity to their creditors.

Three pounds ſeventeen ſhillings and tenpence halfpenny (the mint price of gold) certainly does not contain, even in our preſent excellent gold coin, more than an ounce of ſtandard gold, and it may be thought, therefore, ſhould not purchaſe more ſtandard bullion. But gold in coin is more convenient than gold in bullion, and though, in England, the coinage is free, yet the gold which is carried in bullion to the mint, can ſeldom be returned in coin to the owner

owner till after a delay of ſeveral weeks. In the preſent hurry of the mint, it could not be returned till after a delay of ſeveral months. This delay is equivalent to a ſmall duty, and renders gold in coin ſomewhat more valuable than an equal quantity of gold in bullion. If in the Engliſh coin ſilver was rated according to its proper proportion to gold, the price of ſilver bullion would probably fall below the mint price even without any reformation of the ſilver coin; the value even of the preſent worn and defaced ſilver coin being regulated by the value of the excellent gold coin for which it can be changed. CHAP. V.

A ſmall ſeignorage or duty upon the coinage of both gold and ſilver would probably increaſe ſtill more the ſuperiority of thoſe metals in coin above an equal quantity of either of them in bullion. The coinage would in this caſe increaſe the value of the metal coined in proportion to the extent of this ſmall duty; for the ſame reaſon that the faſhion increaſes the value of plate in proportion to the price of that faſhion. The ſuperiority of coin above bullion would prevent the melting down of the coin, and would diſcourage its exportation. If upon any public exigency it ſhould become neceſſary to export the coin, the greater part of it would ſoon return again of its own accord. Abroad it could ſell only for its weight in bullion. At home it would buy more than that weight. There would be a profit, therefore, in bringing it home again. In France a ſeignorage of about eight per cent. is

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impoſed upon the coinage, and the French coin, when exported, is ſaid to return home again of its own accord.

The occaſional fluctuations in the market price of gold and ſilver bullion ariſe from the ſame cauſes as the like fluctuations in that of all other commodities. The frequent loſs of thoſe metals from various accidents by ſea and by land, the continual waſte of them in gilding and plating, in lace and embroidery, in the wear and tear of coin, and in that of plate; require, in all countries which poſſeſs no mines of their own, a continual importation, in order to repair this loſs and this waſte. The merchant importers, like all other merchants, we may believe, endeavour, as well as they can, to ſuit their occaſional importations to what they judge, is likely to be the immediate demand. With all their attention, however, they ſometimes over-do the buſineſs, and ſometimes under-do it. When they import more bullion than is wanted, rather than incur the riſk and trouble of exporting it again, they are ſometimes willing to ſell a part of it for ſomething leſs than the ordinary or average price. When, on the other hand, they import leſs than is wanted, they get ſomething more than this price. But when, under all thoſe occaſional fluctuations, the market price either of gold or ſilver bullion continues for ſeveral years together ſteadily and conſtantly, either more or leſs above, or more or leſs below the mint price: we may be aſſured that this ſteady and conſtant, either ſuperiority or inferiority of price, is the

effect

effect of ſomething in the ſtate of the coin, which, at that time, renders a certain quantity of coin either of more value or of leſs value than the preciſe quantity of bullion which it ought to contain. The conſtancy and ſteadineſs of the effect, ſuppoſes a proportionable conſtancy and ſteadineſs in the cauſe.

The money of any particular country is, at any particular time and place, more or leſs an accurate meaſure of value according as the current coin is more or leſs exactly agreeable to its ſtandard, or contains more or leſs exactly the preciſe quantity of pure gold or pure ſilver which it ought to contain. If in England, for example, forty-four guineas and a half contained exactly a pound weight of ſtandard gold, or eleven ounces of fine gold and one ounce of alloy, the gold coin of England would be as accurate a meaſure of the actual value of goods at any particular time and place as the nature of the thing would admit. But if, by rubbing and wearing, forty-four guineas and a half generally contain leſs than a pound weight of ſtandard gold; the diminution, however, being greater in ſome pieces than in others; the meaſure of value comes to be liable to the ſame ſort of uncertainty to which all other weights and meaſures are commonly expoſed. As it rarely happens that theſe are exactly agreeable to their ſtandard, the merchant adjuſts the price of his goods, as well as he can, not to what thoſe weights and meaſures ought to be, but to what, upon an average, he finds by experience they actually are. In conſe-

BOOK I. quence of a like diſorder in the coin, the price of goods comes, in the ſame manner, to be adjuſted, not to the quantity of pure gold or ſilver which the coin ought to contain, but to that which, upon an average, it is found by experience it actually does contain.

By the money-price of goods, it is to be obſerved, I underſtand always the quantity of pure gold or ſilver for which they are ſold, without any regard to the denomination of the coin. Six ſhillings and eight-pence, for example, in the time of Edward I., I conſider as the ſame money-price with a pound ſterling in the preſent times; becauſe it contained, as nearly as we can judge, the ſame quantity of pure ſilver.

CHAP. VI.

Of the component Parts of the Price of Commodities.

CHAP. VI. IN that early and rude ſtate of ſociety which precedes both the accumulation of ſtock and the appropriation of land, the proportion between the quantities of labour neceſſary for acquiring different objects ſeems to be the only circumſtance which can afford any rule for exchanging them for one another. If among a nation of hunters, for example, it uſually coſts twice the labour to kill a beaver which it does to kill a deer, one beaver ſhould naturally exchange

change for or be worth two deer. It is natural that what is uſually the produce of two days or two hours labour, ſhould be worth double of what is uſually the produce of one day's or one hour's labour.

If the one ſpecies of labour ſhould be more ſevere than the other, ſome allowance will naturally be made for this ſuperior hardſhip; and the produce of one hour's labour in the one way may frequently exchange for that of two hours labour in the other.

Or if the one ſpecies of labour requires an uncommon degree of dexterity and ingenuity, the eſteem which men have for ſuch talents, will naturally give a value to their produce, ſuperior to what would be due to the time employed about it. Such talents can ſeldom be acquired but in conſequence of long application, and the ſuperior value of their produce may frequently be no more than a reaſonable compenſation for the time and labour which muſt be ſpent in acquiring them. In the advanced ſtate of ſociety, allowances of this kind, for ſuperior hardſhip and ſuperior ſkill, are commonly made in the wages of labour; and ſomething of the ſame kind muſt probably have taken place in its earlieſt and rudeſt period.

In this ſtate of things, the whole produce of labour belongs to the labourer; and the quantity of labour commonly employed in acquiring or producing any commodity, is the only circumſtance which can regulate the quantity of la-

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bour which it ought commonly to purchaſe, command, or exchange for.

As ſoon as ſtock has accumulated in the hands of particular perſons, ſome of them will naturally employ it in ſetting to work induſtrious people, whom they will ſupply with materials and ſubſiſtence, in order to make a profit by the ſale of their work, or by what their labour adds to the value of the materials. In exchanging the complete manufacture either for money, for labour, or for other goods, over and above what may be ſufficient to pay the price of the materials, and the wages of the workmen, ſomething muſt be given for the profits of the undertaker of the work who hazards his ſtock in this adventure. The value which the workmen add to the materials, therefore, reſolves itſelf in this caſe into two parts, of which the one pays their wages, the other the profits of their employer upon the whole ſtock of materials and wages which he advanced. He could have no intereſt to employ them, unleſs he expected from the ſale of their work ſomething more than what was ſufficient to replace his ſtock to him; and he could have no intereſt to employ a great ſtock rather than a ſmall one, unleſs his profits were to bear ſome proportion to the extent of his ſtock.

The profits of ſtock, it may perhaps be thought, are only a different name for the wages of a particular ſort of labour, the labour of inſpection and direction. They are, however, altogether different, are regulated by quite different

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ent principles, and bear no proportion to the quantity, the hardſhip, or the ingenuity of this ſuppoſed labour of inſpection and direction. They are regulated altogether by the value of the ſtock employed, and are greater or ſmaller in proportion to the extent of this ſtock. Let us ſuppoſe, for example, that in ſome particular place, where the common annual profits of manufacturing ſtock are ten per cent. there are two different manufactures, in each of which twenty workmen are employed at the rate of fifteen pounds a year each, or at the expence of three hundred a year in each manufactory. Let us ſuppoſe too, that the coarſe materials annually wrought up in the one coſt only ſeven hundred pounds, while the finer materials in the other coſt ſeven thouſand. The capital annually employed in the one will in this caſe amount only to one thouſand pounds; whereas that employed in the other will amount to ſeven thouſand three hundred pounds. At the rate of ten per cent. therefore, the undertaker of the one will expect an yearly profit of about one hundred pounds only; while that of the other will expect about ſeven hundred and thirty pounds. But though their profits are ſo very different, their labour of inſpection and direction may be either altogether or very nearly the ſame. In many great works, almoſt the whole labour of this kind is committed to ſome principal clerk. His wages properly expreſs the value of this labour of inſpection and direction. Though in ſettling them ſome regard is had commonly, not only to his labour

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and

BOOK I. and ſkill, but to the truſt which is repoſed in him, yet they never bear any regular proportion to the capital of which he overſees the management; and the owner of this capital, though he is thus diſcharged of almoſt all labour, ſtill expects that his profits ſhould bear a regular proportion to his capital. In the price of commodities, therefore, the profits of ſtock conſtitute a component part altogether different from the wages of labour, and regulated by quite different principles.

In this ſtate of things, the whole produce of labour does not always belong to the labourer. He muſt in moſt caſes ſhare it with the owner of the ſtock which employs him. Neither is the quantity of labour commonly employed in acquiring or producing any commodity, the only circumſtance which can regulate the quantity which it ought commonly to purchaſe, command, or exchange for. An additional quantity, it is evident, muſt be due for the profits of the ſtock which advanced the wages and furniſhed the materials of that labour.

As ſoon as the land of any country has all become private property, the landlords, like all other men, love to reap where they never ſowed, and demand a rent even for its natural produce. The wood of the foreſt, the graſs of the field, and all the natural fruits of the earth, which, when land was in common, coſt the labourer only the trouble of gathering them, come, even to him, to have an additional price fixed upon them. He muſt then pay for the licence to gather

gather them; and muſt give up to the landlord a portion of what his labour either collects or produces. This portion, or, what comes to the ſame thing, the price of this portion, conſtitutes the rent of land, and in the price of the greater part of commodities makes a third component part.

The real value of all the different component parts of price, it muſt be obſerved, is meaſured by the quantity of labour which they can, each of them, purchaſe or command. Labour meaſures the value not only of that part of price which reſolves itſelf into labour, but of that which reſolves itſelf into rent, and of that which reſolves itſelf into profit.

In every ſociety the price of every commodity finally reſolves itſelf into ſome one or other, or all of thoſe three parts; and in every improved ſociety, all the three enter more or leſs, as component parts, into the price of the far greater part of commodities.

In the price of corn, for example, one part pays the rent of the landlord, another pays the wages or maintenance of the labourers and labouring cattle employed in producing it, and the third pays the profit of the farmer. Theſe three parts ſeem either immediately or ultimately to make up the whole price of corn. A fourth part, it may perhaps be thought, is neceſſary for replacing the ſtock of the farmer, or for compenſating the wear and tear of his labouring cattle, and other inſtruments of huſbandry. But it muſt be conſidered that the price of any inſtru-

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inſtrument of huſbandry, ſuch as a labouring horſe, is itſelf made up of the ſame three parts; the rent of the land upon which he is reared, the labour of tending and rearing him, and the profits of the farmer who advances both the rent of this land, and the wages of this labour. Though the price of the corn, therefore, may pay the price as well as the maintenance of the horſe, the whole price ſtill reſolves itſelf either immediately or ultimately into the ſame three parts of rent, labour, and profit.

In the price of flour or meal, we muſt add to the price of the corn, the profits of the miller, and the wages of his ſervants; in the price of bread, the profits of the baker, and the wages of his ſervants; and in the price of both, the labour of tranſporting the corn from the houſe of the farmer to that of the miller, and from that of the miller to that of the baker, together with the profits of thoſe who advance the wages of that labour.

The price of flax reſolves itſelf into the ſame three parts as that of corn. In the price of linen we muſt add to this price the wages of the flax-dreſſer, of the ſpinner, of the weaver, of the bleacher, &c. together with the profits of their reſpective employers.

As any particular commodity comes to be more manufactured, that part of the price which reſolves itſelf into wages and profit, comes to be greater in proportion to that which reſolves itſelf into rent. In the progreſs of the manufacture, not only the number of profits increaſe,

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but every ſubſequent profit is greater than the foregoing; becauſe the capital from which it is derived muſt always be greater. The capital which employs the weavers, for example, muſt be greater than that which employs the ſpinners; becauſe it not only replaces that capital with its profits, but pays, beſides, the wages of the weavers; and the profits muſt always bear ſome proportion to the capital.

In the moſt improved ſocieties, however, there are always a few commodities of which the price reſolves itſelf into two parts only, the wages of labour, and the profits of ſtock; and a ſtill ſmaller number, in which it conſiſts altogether in the wages of labour. In the price of ſea-fiſh, for example, one part pays the labour of the fiſhermen, and the other the profits of the capital employed in the fiſhery. Rent very ſeldom makes any part of it, though it does ſometimes, as I ſhall ſhew hereafter. It is otherwiſe, at leaſt through the greater part of Europe, in river fiſheries. A ſalmon fiſhery pays a rent, and rent, though it cannot well be called the rent of land, makes a part of the price of a ſalmon as well as wages and profit. In ſome parts of Scotland a few poor people make a trade of gathering, along the ſea-ſhore, thoſe little variegated ſtones commonly known by the name of Scotch Pebbles. The price which is paid to them by the ſtone-cutter is altogether the wages of their labour; neither rent nor profit make any part of it.

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But the whole price of any commodity muſt ſtill finally reſolve itſelf into ſome one or other, or all of thoſe three parts; as whatever part of it remains after paying the rent of the land, and the price of the whole labour employed in raiſing, manufacturing, and bringing it to market, muſt neceſſarily be profit to ſomebody.

As the price or exchangeable value of every particular commodity, taken ſeparately, reſolves itſelf into ſome one or other, or all of thoſe three parts; ſo that of all the commodities which compoſe the whole annual produce of the labour of every country, taken complexly, muſt reſolve itſelf into the ſame three parts, and be parcelled out among different inhabitants of the country, either as the wages of their labour, the profits of their ſtock, or the rent of their land. The whole of what is annually either collected or produced by the labour of every ſociety, or what comes to the ſame thing, the whole price of it, is in this manner originally diſtributed among ſome of its different members. Wages, profit, and rent, are the three original ſources of all revenue as well as of all exchangeable value. All other revenue is ultimately derived from ſome one or other of theſe.

Whoever derives his revenue from a fund which is his own, muſt draw it either from his labour, from his ſtock, or from his land. The revenue derived from labour is called wages. That derived from ſtock, by the perſon who manages or employs it, is called profit. That derived from it by the perſon who does not employ

ploy it himſelf, but lends it to another, is called the intereſt or the uſe of money. It is the compenſation which the borrower pays to the lender, for the profit which he has an opportunity of making by the uſe of the money. Part of that profit naturally belongs to the borrower, who runs the riſk and takes the trouble of employing it; and part to the lender, who affords him the opportunity of making this profit. The intereſt of money is always a derivative revenue, which, if it is not paid from the profit which is made by the uſe of the money, muſt be paid from ſome other ſource of revenue, unleſs perhaps the borrower is a ſpendthrift, who contracts a ſecond debt in order to pay the intereſt of the firſt. The revenue which proceeds altogether from land, is called rent, and belongs to the landlord. The revenue of the farmer is derived partly from his labour, and partly from his ſtock. To him, land is only the inſtrument which enables him to earn the wages of this labour, and to make the profits of this ſtock. All taxes, and all the revenue which is founded upon them, all ſalaries, penſions, and annuities of every kind, are ultimately derived from ſome one or other of thoſe three original ſources of revenue, and are paid either immediately or mediately from the wages of labour, the profits of ſtock, or the rent of land.

When thoſe three different ſorts of revenue belong to different perſons, they are readily diſtinguiſhed; but when they belong to the ſame

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they are ſometimes confounded with one another, at leaſt in common language.

A gentleman who farms a part of his own eſtate, after paying the expence of cultivation, ſhould gain both the rent of the landlord and the profit of the farmer. He is apt to denominate, however, his whole gain, profit, and thus confounds rent with profit, at leaſt in common language. The greater part of our North American and Weſt Indian planters are in this ſituation. They farm, the greater part of them, their own eſtates, and accordingly we ſeldom hear of the rent of a plantation, but frequently of its profit.

Common farmers ſeldom employ any overſeer to direct the general operations of the farm. They generally too work a good deal with their own hands, as ploughmen, harrowers, &c. What remains of the crop after paying the rent, therefore, ſhould not only replace to them their ſtock employed in cultivation, together with its ordinary profits, but pay them the wages which are due to them, both as labourers and overſeers. Whatever remains, however, after paying the rent and keeping up the ſtock, is called profit. But wages evidently make a part of it. The farmer, by ſaving theſe wages, muſt neceſſarily gain them. Wages, therefore, are in this caſe confounded with profit.

An independent manufacturer, who has ſtock enough both to purchaſe materials, and to maintain himſelf till he can carry his work to market, ſhould

ſhould gain both the wages of a journeyman who works under a maſter, and the profit which that maſter makes by the ſale of the journeyman's work. His whole gains, however, are commonly called profit, and wages are, in this caſe too, confounded with profit.

A gardener who cultivates his own garden with his own hands, unites in his own perſon the three different characters, of landlord, farmer, and labourer. His produce, therefore, ſhould pay him the rent of the firſt, the profit of the ſecond, and the wages of the third. The whole, however, is commonly conſidered as the earnings of his labour. Both rent and profit are, in this caſe, confounded with wages.

As in a civilized country there are but few commodities of which the exchangeable value ariſes from labour only, rent and profit contributing largely to that of the far greater part of them, ſo the annual produce of its labour will always be ſufficient to purchaſe or command a much greater quantity of labour than what was employed in raiſing, preparing, and bringing that produce to market. If the ſociety were annually to employ all the labour which it can annually purchaſe, as the quantity of labour would encreaſe greatly every year, ſo the produce of every ſucceeding year would be of vaſtly greater value than that of the foregoing. But there is no country in which the whole annual produce is employed in maintaining the induſtrious. The idle every where conſume a great part of it; and according to the different proportions

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CHAP. VII.

Of the Natural and Market Price of Commodities.

CHAP. VII. THERE is in every ſociety or neighbourhood an ordinary or average rate both of wages and profit in every different employment of labour and ſtock. This rate is naturally regulated, as I ſhall ſhow hereafter, partly by the general circumſtances of the ſociety, their riches or poverty, their advancing, ſtationary, or declining condition; and partly by the particular nature of each employment.

There is likewiſe in every ſociety or neighbourhood an ordinary or average rate of rent, which is regulated too, as I ſhall ſhow hereafter, partly by the general circumſtances of the ſociety or neighbourhood in which the land is ſituated, and partly by the natural or improved fertility of the land.

Theſe ordinary or average rates may be called the natural rates of wages, profit, and rent, at the time and place in which they commonly prevail.

When the price of any commodity is neither more nor leſs than what is ſufficient to pay the rent

rent of the land, the wages of the labour, and the profits of the ſtock employed in raiſing, preparing, and bringing it to market, according to their natural rates, the commodity is then ſold for what may be called its natural price.

The commodity is then ſold preciſely for what it is worth, or for what it really coſts the perſon who brings it to market; for though in common language what is called the prime coſt of any commodity does not comprehend the profit of the perſon who is to ſell it again, yet if he ſells it at a price which does not allow him the ordinary rate of profit in his neighbourhood, he is evidently a loſer by the trade; ſince by employing his ſtock in ſome other way he might have made that profit. His profit, beſides, is his revenue, the proper fund of his ſubſiſtence. As, while he is preparing and bringing the goods to market, he advances to his workmen their wages, or their ſubſiſtence; ſo he advances to himſelf, in the ſame manner, his own ſubſiſtence, which is generally ſuitable to the profit which he may reaſonably expect from the ſale of his goods. Unleſs they yield him this profit, therefore, they do not repay him what they may very properly be ſaid to have really coſt him.

Though the price, therefore, which leaves him this profit, is not always the loweſt at which a dealer may ſometimes ſell his goods, it is the loweſt at which he is likely to ſell them for any conſiderable time; at leaſt where there is perfect liberty, or where he may change his trade as often as he pleaſes.

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The actual price at which any commodity is commonly ſold is called its market price. It may either be above, or below, or exactly the ſame with its natural price.

The market price of every particular commodity is regulated by the proportion between the quantity which is actually brought to market, and the demand of thoſe who are willing to pay the natural price of the commodity, or the whole value of the rent, labour, and profit, which muſt be paid in order to bring it thither. Such people may be called the effectual demanders, and their demand the effectual demand; ſince it may be ſufficient to effectuate the bringing of the commodity to market. It is different from the abſolute demand. A very poor man may be ſaid in ſome ſenſe to have a demand for a coach and ſix; he might like to have it; but his demand is not an effectual demand, as the commodity can never be brought to market in order to ſatisfy it.

When the quantity of any commodity which is brought to market falls ſhort of the effectual demand, all thoſe who are willing to pay the whole value of the rent, wages, and profit, which muſt be paid in order to bring it thither, cannot be ſupplied with the quantity which they want. Rather than want it altogether, ſome of them will be willing to give more. A competition will immediately begin among them, and the market price will riſe more or leſs above the natural price, according as either the greatneſs of the deficiency, or the wealth and wanton luxury of the competitors, happen to animate more or leſs the eagerneſs of

of the competition. Among competitors of equal wealth and luxury the ſame deficiency will generally occaſion a more or leſs eager competition, according as the acquiſition of the commodity happens to be of more or leſs importance to them. Hence the exorbitant price of the neceſſaries of life during the blockade of a town or in a famine.

When the quantity brought to market exceeds the effectual demand, it cannot be all ſold to thoſe who are willing to pay the whole value of the rent, wages and profit, which muſt be paid in order to bring it thither. Some part muſt be ſold to thoſe who are willing to pay leſs, and the low price which they give for it muſt reduce the price of the whole. The market price will ſink more or leſs below the natural price, according as the greatneſs of the exceſs increaſes more or leſs the competition of the ſellers, or according as it happens to be more or leſs important to them to get immediately rid of the commodity. The ſame exceſs in the importation of periſhable, will occaſion a much greater competition than in that of durable commodities; in the importation of oranges, for example, than in that of old iron.

When the quantity brought to market is juſt ſufficient to ſupply the effectual demand and no more, the market price naturally comes to be either exactly, or as nearly as can be judged of, the ſame with the natural price. The whole quantity upon hand can be diſpoſed of for this price, and cannot be diſpoſed of for more. The

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competition of the different dealers obliges them all to accept of this price, but does not oblige them to accept of leſs.

The quantity of every commodity brought to market naturally ſuits itſelf to the effectual demand. It is the intereſt of all thoſe who employ their land, labour, or ſtock, in bringing any commodity to market, that the quantity never ſhould exceed the effectual demand; and it is the intereſt of all other people that it never ſhould fall ſhort of that demand.

If at any time it exceeds the effectual demand, ſome of the component parts of its price muſt be paid below their natural rate. If it is rent, the intereſt of the landlords will immediately prompt them to withdraw a part of their land; and if it is wages or profit, the intereſt of the labourers in the one caſe, and of their employers in the other, will prompt them to withdraw a part of their labour or ſtock from this employment. The quantity brought to market will ſoon be no more than ſufficient to ſupply the effectual demand. All the different parts of its price will riſe to their natural rate, and the whole price to its natural price.

If, on the contrary, the quantity brought to market ſhould at any time fall ſhort of the effectual demand, ſome of the component parts of its price muſt riſe above their natural rate. If it is rent, the intereſt of all other landlords will naturally prompt them to prepare more land for the raiſing of this commodity; if it is wages or profit, the intereſt of all other labourers and dealers

dealers will ſoon prompt them to employ more labour and ſtock in preparing and bringing it to market. The quantity brought thither will ſoon be ſufficient to ſupply the effectual demand. All the different parts of its price will ſoon ſink to their natural rate, and the whole price to its natural price.

The natural price, therefore, is, as it were, the central price, to which the prices of all commodities are continually gravitating. Different accidents may ſometimes keep them ſuſpended a good deal above it, and ſometimes force them down even ſomewhat below it. But whatever may be the obſtacles which hinder them from ſettling in this center of repoſe and continuance, they are conſtantly tending towards it.

The whole quantity of induſtry annually employed in order to bring any commodity to market, naturally ſuits itſelf in this manner to the effectual demand. It naturally aims at bringing always that preciſe quantity thither which may be ſufficient to ſupply, and no more than ſupply, that demand.

But in ſome employments the ſame quantity of induſtry will in different years produce very different quantities of commodities; while in others it will produce always the ſame, or very nearly the ſame. The ſame number of labourers in huſbandry will, in different years, produce very different quantities of corn, wine, oil, hops, &c. But the ſame number of ſpinners and weavers will every year produce the ſame or very nearly the ſame quantity of linen and woollen

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cloth. It is only the average produce of the one ſpecies of induſtry which can be ſuited in any reſpect to the effectual demand; and as its actual produce is frequently much greater and frequently much leſs than its average produce, the quantity of the commodities brought to market will ſometimes exceed a good deal, and ſometimes fall ſhort a good deal, of the effectual demand. Even though that demand therefore ſhould continue always the ſame, their market price will be liable to great fluctuations, will ſometimes fall a good deal below, and ſometimes riſe a good deal above, their natural price. In the other ſpecies of induſtry, the produce of equal quantities of labour being always the ſame, or very nearly the ſame, it can be more exactly ſuited to the effectual demand. While that demand continues the ſame, therefore, the market price of the commodities is likely to do ſo too, and to be either altogether, or as nearly as can be judged of, the ſame with the natural price. That the price of linen and woollen cloth is liable neither to ſuch frequent nor to ſuch great variations as the price of corn, every man's experience will inform him. The price of the one ſpecies of commodities varies only with the variations in the demand: That of the other varies not only with the variations in the demand, but with the much greater and more frequent variations in the quantity of what is brought to market in order to ſupply that demand.

The occaſional and temporary fluctuations in the market price of any commodity fall chiefly upon

upon thoſe parts of its price which reſolve themſelves into wages and profit. That part which reſolves itſelf into rent is leſs affected by them. A rent certain in money is not in the leaſt affected by them either in its rate or in its value. A rent which conſiſts either in a certain proportion or in a certain quantity of the rude produce, is no doubt affected in its yearly value by all the occaſional and temporary fluctuations in the market price of that rude produce; but it is ſeldom affected by them in its yearly rate. In ſettling the terms of the leaſe, the landlord and farmer endeavour, according to their beſt judgment, to adjuſt that rate, not to the temporary and occaſional, but to the average and ordinary price of the produce.

Such fluctuations affect both the value and the rate either of wages or of profit, according as the market happens to be either over-ſtocked or under-ſtocked with commodities or with labour; with work done, or with work to be done. A public mourning raiſes the price of black cloth (with which the market is almoſt always under-ſtocked upon ſuch occaſions), and augments the profits of the merchants who poſſeſs any conſiderable quantity of it. It has no effect upon the wages of the weavers. The market is under-ſtocked with commodities, not with labour; with work done, not with work to be done. It raiſes the wages of journeymen taylors. The market is here under-ſtocked with labour. There is an effectual demand for more labour, for more work to be done than can be had. It ſinks the

BOOK I. price of coloured ſilks and cloths, and thereby reduces the profits of the merchants who have any conſiderable quantity of them upon hand. It ſinks too the wages of the workmen employed in preparing ſuch commodities, for which all demand is ſtopped for ſix months, perhaps for a twelvemonth. The market is here over-ſtocked both with commodities and with labour.

But though the market price of every particular commodity is in this manner continually gravitating, if one may ſay ſo, towards the natural price, yet ſometimes particular accidents, ſometimes natural cauſes, and ſometimes particular regulations of police, may, in many commodities, keep up the market price, for a long time together, a good deal above the natural price.

When by an increaſe in the effectual demand, the market price of ſome particular commodity happens to riſe a good deal above the natural price, thoſe who employ their ſtocks in ſupplying that market are generally careful to conceal this change. If it was commonly known, their great profit would tempt ſo many new rivals to employ their ſtocks in the ſame way, that, the effectual demand being fully ſupplied, the market price would ſoon be reduced to the natural price, and perhaps for ſome time even below it. If the market is at a great diſtance from the reſidence of thoſe who ſupply it, they may ſometimes be able to keep the ſecret for ſeveral years together, and may ſo long enjoy their extraordinary profits without any new rivals. Secrets of this kind,

however, it muſt be acknowledged, can ſeldom be long kept; and the extraordinary profit can laſt very little longer than they are kept.

Secrets in manufactures are capable of being longer kept than ſecrets in trade. A dyer who has found the means of producing a particular colour with materials which coſt only half the price of thoſe commonly made uſe of, may, with good management, enjoy the advantage of his diſcovery as long as he lives, and even leave it as a legacy to his poſterity. His extraordinary gains ariſe from the high price which is paid for his private labour. They properly conſiſt in the high wages of that labour. But as they are repeated upon every part of his ſtock, and as their whole amount bears, upon that account, a regular proportion to it, they are commonly conſidered as extraordinary profits of ſtock.

Such enhancements of the market price are evidently the effects of particular accidents, of which, however, the operation may ſometimes laſt for many years together.

Some natural productions require ſuch a ſingularity of ſoil and ſituation, that all the land in a great country, which is fit for producing them, may not be ſufficient to ſupply the effectual demand. The whole quantity brought to market, therefore, may be diſpoſed of to thoſe who are willing to give more than what is ſufficient to pay the rent of the land which produced them, together with the wages of the labour, and the profits of the ſtock which were employed in preparing and bringing them to market, according

ing

BOOK I. ing to their natural rates. Such commodities may continue for whole centuries together to be ſold at this high price; and that part of it which reſolves itſelf into the rent of land is in this caſe the part which is generally paid above its natural rate. The rent of the land which affords ſuch ſingular and eſteemed productions, like the rent of ſome vineyards in France of a peculiarly happy ſoil and ſituation, bears no regular proportion to the rent of other equally fertile and equally well-cultivated land in its neighbourhood. The wages of the labour and the profits of the ſtock employed in bringing ſuch commodities to market, on the contrary, are ſeldom out of their natural proportion to thoſe of the other employments of labour and ſtock in their neighbourhood.

Such enhancements of the market price are evidently the effect of natural cauſes which may hinder the effectual demand from ever being fully ſupplied, and which may continue, therefore, to operate for ever.

A monopoly granted either to an individual or to a trading company has the ſame effect as a ſecret in trade or manufactures. The monopoliſts, by keeping the market conſtantly underſtocked, by never fully ſupplying the effectual demand, ſell their commodities much above the natural price, and raiſe their emoluments, whether they conſiſt in wages or profit, greatly above their natural rate.

The price of monopoly is upon every occaſion the higheſt which can be got. The natural price, or

or the price of free competition, on the contrary, is the loweſt which can be taken, not upon every occaſion indeed, but for any conſiderable time together. The one is upon every occaſion the higheſt which can be ſqueezed out of the buyers, or which, it is ſuppoſed, they will conſent to give: The other is the loweſt which the ſellers can commonly afford to take, and at the ſame time continue their buſineſs.

The excluſive privileges of corporations, ſtatutes of apprenticeſhip, and all thoſe laws which reſtrain, in particular employments, the competition to a ſmaller number than might otherwiſe go into them, have the ſame tendency, though in a leſs degree. They are a ſort of enlarged monopolies, and may frequently, for ages together, and in whole claſſes of employments, keep up the market price of particular commodities above the natural price, and maintain both the wages of the labour and the profits of the ſtock employed about them ſomewhat above their natural rate.

Such enhancements of the market price may laſt as long as the regulations of police which give occaſion to them.

The market price of any particular commodity, though it may continue long above, can ſeldom continue long below, its natural price. Whatever part of it was paid below the natural rate, the perſons whoſe intereſt it affected would immediately feel the loſs, and would immediately withdraw either ſo much land, or ſo much labour, or ſo much ſtock, from being employed about

BOOK I. about it, that the quantity brought to market would ſoon be no more than ſufficient to ſupply the effectual demand. Its market price, therefore, would ſoon riſe to the natural price. This at leaſt would be the caſe where there was perfect liberty.

The ſame ſtatutes of apprenticeſhip and other corporation laws indeed, which, when a manufacture is in proſperity, enable the workman to raiſe his wages a good deal above their natural rate, ſometimes oblige him, when it decays, to let them down a good deal below it. As in the one caſe they exclude many people from his employment, ſo in the other they exclude him from many employments. The effect of ſuch regulations, however, is not near ſo durable in ſinking the workman's wages below, as in raiſing them above, their natural rate. Their operation in the one way may endure for many centuries, but in the other it can laſt no longer than the lives of ſome of the workmen who were bred to the buſineſs in the time of its proſperity. When they are gone, the number of thoſe who are afterwards educated to the trade will naturally ſuit itſelf to the effectual demand. The police muſt be as violent as that of Indoſtan or antient Egypt (where every man was bound by a principle of religion to follow the occupation of his father, and was ſuppoſed to commit the moſt horrid ſacrilege if he changed it for another), which can in any particular employment, and for ſeveral generations together, ſink either the wages of labour

labour or the profits of ſtock below their natural rate.

This is all that I think neceſſary to be obſerved at preſent concerning the deviations, whether occaſional or permanent, of the market price of commodities from the natural price.

The natural price itſelf varies with the natural rate of each of its component parts, of wages, profit, and rent; and in every ſociety this rate varies according to their circumſtances, according to their riches or poverty, their advancing, ſtationary, or declining condition. I ſhall, in the four following chapters, endeavour to explain, as fully and diſtinctly as I can, the cauſes of thoſe different variations.

Firſt, I ſhall endeavour to explain what are the circumſtances which naturally determine the rate of wages, and in what manner thoſe circumſtances are affected by the riches or poverty, by the advancing, ſtationary, or declining ſtate of the ſociety.

Secondly, I ſhall endeavour to ſhow what are the circumſtances which naturally determine the rate of profit, and in what manner too thoſe circumſtances are affected by the like variations in the ſtate of the ſociety.

Though pecuniary wages and profit are very different in the different employments of labour and ſtock; yet a certain proportion ſeems commonly to take place between both the pecuniary wages in all the different employments of labour, and the pecuniary profits in all the different employments of ſtock. This proportion, it will appear

BOOK I. appear hereafter, depends partly upon the nature of the different employments, and partly upon the different laws and policy of the ſociety in which they are carried on. But though in many reſpects dependent upon the laws and policy, this proportion ſeems to be little affected by the riches or poverty of that ſociety; by its advancing, ſtationary, or declining condition; but to remain the ſame or very nearly the ſame in all thoſe different ſtates. I ſhall, in the third place, endeavour to explain all the different circumſtances which regulate this proportion.

In the fourth and laſt place, I ſhall endeavour to ſhow what are the circumſtances which regulate the rent of land, and which either raiſe or lower the real price of all the different ſubſtances which it produces.

CHAP. VIII.

Of the Wages of Labour.

CHAP. VIII. THE produce of labour conſtitutes the natural recompence or wages of labour.

In that original ſtate of things, which precedes both the appropriation of land and the accumulation of ſtock, the whole produce of labour belongs to the labourer. He has neither landlord nor maſter to ſhare with him.

Had this ſtate continued, the wages of labour would have augmented with all thoſe improvements

ments in its productive powers, to which the division of labour gives occasion. All things would gradually have become cheaper. They would have been produced by a smaller quantity of labour; and as the commodities produced by equal quantities of labour would naturally in this state of things be exchanged for one another, they would have been purchased likewise with the produce of a smaller quantity. CHAP. VIII.

But though all things would have become cheaper in reality, in appearance many things might have become dearer than before, or have been exchanged for a greater quantity of other goods. Let us suppose, for example, that in the greater part of employments the productive powers of labour had been improved to tenfold, or that a day's labour could produce ten times the quantity of work which it had done originally; but that in a particular employment they had been improved only to double, or that a day's labour could produce only twice the quantity of work which it had done before. In exchanging the produce of a day's labour in the greater part of employments, for that of a day's labour in this particular one, ten times the original quantity of work in them would purchase only twice the original quantity in it. Any particular quantity in it, therefore, a pound weight, for example, would appear to be five times dearer than before. In reality, however, it would be twice as cheap. Though it required five times the quantity of other goods to pur-

BOOK I. chaſe it, it would require only half the quantity of labour either to purchaſe or to produce it. The acquiſition, therefore, would be twice as eaſy as before.

But this original ſtate of things, in which the labourer enjoyed the whole produce of his own labour, could not laſt beyond the firſt introduction of the appropriation of land and the accumulation of ſtock. It was at an end, therefore, long before the moſt conſiderable improvements were made in the productive powers of labour, and it would be to no purpoſe to trace further what might have been its effects upon the recompence or wages of labour.

As ſoon as land becomes private property, the landlord demands a ſhare of almoſt all the produce which the labourer can either raiſe, or collect from it. His rent makes the firſt deduction from the produce of the labour which is employed upon land.

It ſeldom happens that the perſon who tills the ground has wherewithal to maintain himſelf till he reaps the harveſt. His maintenance is generally advanced to him from the ſtock of a maſter, the farmer who employs him, and who would have no intereſt to employ him, unleſs he was to ſhare in the produce of his labour, or unleſs his ſtock was to be replaced to him with a profit. This profit makes a ſecond deduction from the produce of the labour which is employed upon land.

The produce of almoſt all other labour is liable to the like deduction of profit. In all arts and

and manufactures the greater part of the workmen ſtand in need of a maſter to advance them the materials of their work, and their wages and maintenance till it be completed. He ſhares in the produce of their labour, or in the value which it adds to the materials upon which it is beſtowed; and in this ſhare conſiſts his profit. CHAP. VIII.

It ſometimes happens, indeed, that a ſingle independent workman has ſtock ſufficient both to purchaſe the materials of his work, and to maintain himſelf till it be completed. He is both maſter and workman, and enjoys the whole produce of his own labour, or the whole value which it adds to the materials upon which it is beſtowed. It includes what are uſually two diſtinct revenues, belonging to two diſtinct perſons, the profits of ſtock, and the wages of labour.

Such caſes, however, are not very frequent, and in every part of Europe, twenty workmen ſerve under a maſter for one that is independent; and the wages of labour are every where underſtood to be, what they uſually are, when the labourer is one perſon, and the owner of the ſtock which employs him another.

What are the common wages of labour, depends every where upon the contract uſually made between thoſe two parties, whoſe intereſts are by no means the ſame. The workmen deſire to get as much, the maſters to give as little as poſſible. The former are diſpoſed to combine in order to raiſe, the latter in order to lower the wages of labour.

It is not, however, difficult to foreſee which of the two parties muſt, upon all ordinary occaſions, have the advantage in the diſpute, and force the other into a compliance with their terms. The maſters, being fewer in number, can combine much more eaſily; and the law, beſides, authoriſes, or at leaſt does not prohibit their combinations, while it prohibits thoſe of the workmen. We have no acts of parliament againſt combining to lower the price of work; but many againſt combining to raiſe it. In all ſuch diſputes the maſters can hold out much longer. A landlord, a farmer, a maſter manufacturer, or merchant, though they did not employ a ſingle workman, could generally live a year or two upon the ſtocks which they have already acquired. Many workmen could not ſubſiſt a week, few could ſubſiſt a month, and ſcarce any a year without employment. In the long-run the workman may be as neceſſary to his maſter as his maſter is to him; but the neceſſity is not ſo immediate.

We rarely hear, it has been ſaid, of the combinations of maſters; though frequently of thoſe of workmen. But whoever imagines, upon this account, that maſters rarely combine, is as ignorant of the world as of the ſubject. Maſters are always and every where in a ſort of tacit, but conſtant and uniform, combination, not to raiſe the wages of labour above their actual rate. To violate this combination is every where a moſt unpopular action, and a ſort of reproach to a maſter among his neighbours and equals. We

ſeldom,

ſeldom, indeed, hear of this combination, be- CHAP. VIII.
cauſe it is the uſual, and one may ſay, the natural ſtate of things which nobody ever hears of. Maſters too ſometimes enter into particular combinations to ſink the wages of labour even below this rate. Theſe are always conducted with the utmoſt ſilence and ſecrecy, till the moment of execution, and when the workmen yield, as they ſometimes do, without reſiſtance, though ſeverely felt by them, they are never heard of by other people. Such combinations, however, are frequently reſiſted by a contrary defenſive combination of the workmen; who ſometimes too, without any provocation of this kind, combine of their own accord to raiſe the price of their labour. Their uſual pretences are, ſometimes the high price of proviſions; ſometimes the great profit which their maſters make by their work. But whether their combinations be offenſive or defenſive, they are always abundantly heard of. In order to bring the point to a ſpeedy deciſion, they have always recourſe to the loudeſt clamour, and ſometimes to the moſt ſhocking violence and outrage. They are deſperate, and act with the folly and extravagance of deſperate men, who muſt either ſtarve, or frighten their maſters into an immediate compliance with their demands. The maſters upon theſe occaſions are juſt as clamorous upon the other ſide, and never ceaſe to call aloud for the aſſiſtance of the civil magiſtrate, and the rigorous execution of thoſe laws which have been enacted with ſo much ſeverity againſt the combinations of ſervants, la-

BOOK I. bourers, and journeymen. The workmen, accordingly, very ſeldom derive any advantage from the violence of thoſe tumultuous combinations, which, partly from the interpoſition of the civil magiſtrate, partly from the ſuperior ſteadineſs of the maſters, partly from the neceſſity which the greater part of the workmen are under of ſubmitting for the ſake of preſent ſubſiſtence, generally end in nothing, but the puniſhment or ruin of the ringleaders.

But though in diſputes with their workmen, maſters muſt generally have the advantage, there is however a certain rate, below which it ſeems impoſſible to reduce, for any conſiderable time, the ordinary wages even of the loweſt ſpecies of labour.

A man muſt always live by his work, and his wages muſt at leaſt be ſufficient to maintain him. They muſt even upon moſt occaſions be ſomewhat more; otherwiſe it would be impoſſible for him to bring up a family, and the race of ſuch workmen could not laſt beyond the firſt generation. Mr. Cantillon ſeems, upon this account, to ſuppoſe that the loweſt ſpecies of common labourers muſt every where earn at leaſt double their own maintenance, in order that one with another they may be enabled to bring up two children; the labour of the wife, on account of her neceſſary attendance on the children, being ſuppoſed no more than ſufficient to provide for herſelf. But one-half the children born, it is computed, die before the age of manhood. The pooreſt labourers, therefore, according

cording to this account, muſt, one with another, attempt to rear at leaſt four children, in order that two may have an equal chance of living to that age. But the neceſſary maintenance of four children, it is ſuppoſed, may be nearly equal to that of one man. The labour of an able-bodied ſlave, the ſame author adds, is computed to be worth double his maintenance; and that of the meaneſt labourer, he thinks, cannot be worth leſs than that of an able-bodied ſlave. Thus far at leaſt ſeems certain, that, in order to bring up a family, the labour of the huſband and wife together muſt, even in the loweſt ſpecies of common labour, be able to earn ſomething more than what is preciſely neceſſary for their own maintenance; but in what proportion, whether in that above mentioned, or in any other, I ſhall not take upon me to determine.

There are certain circumſtances, however, which ſometimes give the labourers an advantage, and enable them to raiſe their wages conſiderably above this rate; evidently the loweſt which is conſiſtent with common humanity.

When in any country the demand for thoſe who live by wages; labourers, journeymen, ſervants of every kind, is continually increaſing; when every year furniſhes employment for a greater number than had been employed the year before, the workmen have no occaſion to combine in order to raiſe their wages. The ſcarcity of hands occaſions a competition among maſters, who bid againſt one another, in order to get workmen, and thus voluntarily break

BOOK I. through the natural combination of maſters not to raiſe wages.

The demand for thoſe who live by wages, it is evident, cannot increaſe but in proportion to the increaſe of the funds which are deſtined for the payment of wages. Theſe funds are of two kinds: firſt, the revenue which is over and above what is neceſſary for the maintenance; and, ſecondly, the ſtock which is over and above what is neceſſary for the employment of their maſters.

When the landlord, annuitant, or monied man, has a greater revenue than what he judges ſufficient to maintain his own family, he employs either the whole or a part of the ſurplus in maintaining one or more menial ſervants. Increaſe this ſurplus, and he will naturally increaſe the number of thoſe ſervants.

When an independent workman, ſuch as a weaver or ſhoe-maker, has got more ſtock than what is ſufficient to purchaſe the materials of his own work, and to maintain himſelf till he can diſpoſe of it, he naturally employs one or more journeymen with the ſurplus, in order to make a profit by their work. Increaſe this ſurplus, and he will naturally increaſe the number of his journeymen.

The demand for thoſe who live by wages, therefore, neceſſarily increaſes with the increaſe of the revenue and ſtock of every country, and cannot poſſibly increaſe without it. The increaſe of revenue and ſtock is the increaſe of national wealth. The demand for thoſe who live by wages,

wages, therefore, naturally increaſes with the increaſe of national wealth, and cannot poſſibly increaſe without it. CHAP. VIII.

It is not the actual greatneſs of national wealth, but its continual increaſe, which occaſions a riſe in the wages of labour. It is not, accordingly, in the richeſt countries, but in the moſt thriving, or in thoſe which are growing rich the faſteſt, that the wages of labour are higheſt. England is certainly, in the preſent times, a much richer country than any part of North America. The wages of labour, however, are much higher in North America than in any part of England. In the province of New York, common labourers earn * three ſhillings and ſixpence currency, equal to two ſhillings ſterling, a day; ſhip carpenters, ten ſhillings and ſixpence currency, with a pint of rum worth ſixpence ſterling, equal in all to ſix ſhillings and ſixpence ſterling; houſe carpenters and bricklayers, eight ſhillings currency, equal to four ſhillings and ſixpence ſterling; journeymen taylors, five ſhillings currency, equal to about two ſhillings and ten pence ſterling. Theſe prices are all above the London price; and wages are ſaid to be as high in the other colonies as in New York. The price of proviſions is every where in North America much lower than in England. A dearth has never been known there. In the worſt ſeaſons, they have always had a ſuf-

* This was written in 1773, before the commencement of the late diſturbances.

ficiency

BOOK I. ficiency for themſelves, though leſs for exportation. If the money price of labour, therefore, be higher than it is any where in the mother country, its real price, the real command of the neceſſaries and conveniences of life which it conveys to the labourer, muſt be higher in a ſtill greater proportion.

But though North America is not yet ſo rich as England, it is much more thriving, and advancing with much greater rapidity to the further acquiſition of riches. The moſt deciſive mark of the proſperity of any country is the increaſe of the number of its inhabitants. In Great Britain, and moſt other European countries, they are not ſuppoſed to double in leſs than five hundred years. In the Britiſh colonies in North America, it has been found, that they double in twenty or five-and-twenty years. Nor in the preſent times is this increaſe principally owing to the continual importation of new inhabitants, but to the great multiplication of the ſpecies. Thoſe who live to old age, it is ſaid, frequently ſee there from fifty to a hundred, and ſometimes many more, deſcendants from their own body. Labour is there ſo well rewarded, that a numerous family of children, inſtead of being a burthen, is a ſource of opulence and proſperity to the parents. The labour of each child, before it can leave their houſe, is computed to be worth a hundred pounds clear gain to them. A young widow with four or five young children, who, among the middling or inferior ranks of people in Europe, would have ſo little chance for

a ſecond

a ſecond huſband, is there frequently courted as a ſort of fortune. The value of children is the greateſt of all encouragements to marriage. We cannot, therefore, wonder that the people in North America ſhould generally marry very young. Notwithſtanding the great increaſe occaſioned by ſuch early marriages, there is a continual complaint of the ſcarcity of hands in North America. The demand for labourers, the funds deſtined for maintaining them, increaſe, it ſeems, ſtill faſter than they can find labourers to employ. CHAP. VIII.

Though the wealth of a country ſhould be very great, yet if it has been long ſtationary, we muſt not expect to find the wages of labour very high in it. The funds deſtined for the payment of wages, the revenue and ſtock of its inhabitants, may be of the greateſt extent; but if they have continued for ſeveral centuries of the ſame, or very nearly of the ſame extent, the number of labourers employed every year could eaſily ſupply, and even more than ſupply, the number wanted the following year. There could ſeldom be any ſcarcity of hands, nor could the maſters be obliged to bid againſt one another in order to get them. The hands, on the contrary, would, in this caſe, naturally multiply beyond their employment. There would be a conſtant ſcarcity of employment, and the labourers would be obliged to bid againſt one another in order to get it. If in ſuch a country the wages of labour had ever been more than ſufficient to maintain the labourer, and to enable him to bring up a family,

BOOK I. family, the competition of the labourers and the intereſt of the maſters would ſoon reduce them to this loweſt rate which is conſiſtent with common humanity. China has been long one of the richeſt, that is, one of the moſt fertile, beſt cultivated, moſt induſtrious, and moſt populous countries in the world. It ſeems, however, to have been long ſtationary. Marco Polo, who viſited it more than five hundred years ago, deſcribes its cultivation, induſtry, and populouſneſs, almoſt in the ſame terms in which they are deſcribed by travellers in the preſent times. It had perhaps, even long before his time, acquired that full complement of riches which the nature of its laws and inſtitutions permits it to acquire. The accounts of all travellers, inconſiſtent in many other reſpects, agree in the low wages of labour, and in the difficulty which a labourer finds in bringing up a family in China. If by digging the ground a whole day he can get what will purchaſe a ſmall quantity of rice in the evening, he is contented. The condition of artificers is, if poſſible, ſtill worſe. Inſtead of waiting indolently in their work-houſes, for the calls of their cuſtomers, as in Europe, they are continually running about the ſtreets with the tools of their reſpective trades, offering their ſervice, and as it were begging employment. The poverty of the lower ranks of people in China far ſurpaſſes that of the moſt beggarly nations in Europe. In the neighbourhood of Canton many hundred, it is commonly ſaid, many thouſand families have no habitation on the

the land, but live conſtantly in little fiſhing boats upon the rivers and canals. The ſubſiſtence which they find there is ſo ſcanty that they are eager to fiſh up the naſtieſt garbage thrown overboard from any European ſhip. Any carrion, the carcaſe of a dead dog or cat, for example, though half putrid and ſtinking, is as welcome to them as the moſt wholeſome food to the people of other countries. Marriage is encouraged in China, not by the profitableneſs of children, but by the liberty of deſtroying them. In all great towns ſeveral are every night expoſed in the ſtreet, or drowned like puppies in the water. The performance of this horrid office is even ſaid to be the avowed buſineſs by which ſome people earn their ſubſiſtence. CHAP. VIII.

China, however, though it may perhaps ſtand ſtill, does not ſeem to go backwards. Its towns are no-where deſerted by their inhabitants. The lands which had once been cultivated, are no-where neglected. The ſame, or very nearly the ſame, annual labour muſt therefore continue to be performed, and the funds deſtined for maintaining it muſt not, conſequently, be ſenſibly diminiſhed. The loweſt claſs of labourers, therefore, notwithſtanding their ſcanty ſubſiſtence, muſt ſome way or another make ſhift to continue their race ſo far as to keep up their uſual numbers.

But it would be otherwiſe in a country where the funds deſtined for the maintenance of labour were ſenſibly decaying. Every year the demand for ſervants and labourers would, in all the dif-

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ferent claſſes of employments, be leſs than it had been the year before. Many who had been bred in the ſuperior claſſes, not being able to find employment in their own buſineſs, would be glad to ſeek it in the loweſt. The loweſt claſs being not only overſtocked with its own workmen, but with the overflowings of all the other claſſes, the competition for employment would be ſo great in it, as to reduce the wages of labour to the moſt miſerable and ſcanty ſubſiſtence of the labourer. Many would not be able to find employment even upon theſe hard terms, but would either ſtarve, or be driven to ſeek a ſubſiſtence either by begging, or by the perpetration perhaps of the greateſt enormities. Want, famine, and mortality, would immediately prevail in that claſs, and from thence extend themſelves to all the ſuperior claſſes, till the number of inhabitants in the country was reduced to what could eaſily be maintained by the revenue and ſtock which remained in it, and which had eſcaped either the tyranny or calamity which had deſtroyed the reſt. This perhaps is nearly the preſent ſtate of Bengal, and of ſome other of the Engliſh ſettlements in the Eaſt Indies. In a fertile country which had before been much depopulated, where ſubſiſtence, conſequently, ſhould not be very difficult, and where, notwithſtanding, three or four hundred thouſand people die of hunger in one year, we may be aſſured that the funds deſtined for the maintenance of the labouring poor are faſt decaying. The difference between the genius of the

the Britiſh conſtitution which protects and governs North America, and that of the mercantile company which oppreſſes and domineers in the Eaſt Indies, cannot perhaps be better illuſtrated than by the different ſtate of thoſe countries. CHAP. VIII.

The liberal reward of labour, therefore, as it is the neceſſary effect, ſo it is the natural ſymptom of increaſing national wealth. The ſcanty maintenance of the labouring poor, on the other hand, is the natural ſymptom that things are at a ſtand, and their ſtarving condition that they are going faſt backwards.

In Great Britain the wages of labour ſeem, in the preſent times, to be evidently more than what is preciſely neceſſary to enable the labourer to bring up a family. In order to ſatisfy ourſelves upon this point it will not be neceſſary to enter into any tedious or doubtful calculation of what may be the loweſt ſum upon which it is poſſible to do this. There are many plain ſymptoms that the wages of labour are no-where in this country regulated by this loweſt rate which is conſiſtent with common humanity.

Firſt, in almoſt every part of Great Britain there is a diſtinction, even in the loweſt ſpecies of labour, between ſummer and winter wages. Summer wages are always higheſt. But on account of the extraordinary expence of fewel, the maintenance of a family is moſt expenſive in winter. Wages, therefore, being higheſt when this expence is loweſt, it ſeems evident that they are not regulated by what is neceſſary for this expence; but by the quantity and ſuppoſed value

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value of the work. A labourer, it may be ſaid indeed, ought to ſave part of his ſummer wages in order to defray his winter expence; and that through the whole year they do not exceed what is neceſſary to maintain his family through the whole year. A ſlave, however, or one abſolutely dependent on us for immediate ſubſiſtence, would not be treated in this manner. His daily ſubſiſtence would be proportioned to his daily neceſſities.

Secondly, the wages of labour do not in Great Britain fluctuate with the price of proviſions. Theſe vary every-where from year to year, frequently from month to month. But in many places the money price of labour remains uniformly the ſame ſometimes for half a century together. If in theſe places, therefore, the labouring poor can maintain their families in dear years, they muſt be at their eaſe in times of moderate plenty, and in affluence in thoſe of extraordinary cheapneſs. The high price of proviſions during theſe ten years paſt has not in many parts of the kingdom been accompanied with any ſenſible riſe in the money price of labour. It has, indeed, in ſome; owing probably more to the increaſe of the demand for labour, than to that of the price of proviſions.

Thirdly, as the price of proviſions varies more from year to year than the wages of labour, ſo, on the other hand, the wages of labour vary more from place to place than the price of proviſions. The prices of bread and butcher's meat are generally the ſame, or very nearly the ſame, through

through the greater part of the united kingdom. These and moſt other things which are ſold by retail, the way in which the labouring poor buy all things, are generally fully as cheap or cheaper in great towns than in the remoter parts of the country, for reaſons which I ſhall have occaſion to explain hereafter. But the wages of labour in a great town and its neighbourhood are frequently a fourth or a fifth part, twenty or five-and-twenty per cent. higher than at a few miles diſtance. Eighteen pence a day may be reckoned the common price of labour in London and its neighbourhood. At a few miles diſtance it falls to fourteen and fifteen pence. Ten-pence may be reckoned its price in Edinburgh and its neighbourhood. At a few miles diſtance it falls to eight pence, the uſual price of common labour through the greater part of the low country of Scotland, where it varies a good deal leſs than in England. Such a difference of prices, which it ſeems is not always ſufficient to tranſport a man from one pariſh to another, would neceſſarily occaſion ſo great a tranſportation of the moſt bulky commodities, not only from one pariſh to another, but from one end of the kingdom, almoſt from one end of the world to the other, as would ſoon reduce them more nearly to a level. After all that has been ſaid of the levity and inconſtancy of human nature, it appears evidently from experience that a man is of all ſorts of luggage the moſt difficult to be tranſported. If the labouring poor, therefore, can maintain their families in thoſe parts of the kingdom where the

CHAP. VIII.

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price of labour is loweſt, they muſt be in affluence where it is higheſt.

Fourthly, the variations in the price of labour not only do not correſpond either in place or time with thoſe in the price of proviſions, but they are frequently quite oppoſite.

Grain, the food of the common people, is dearer in Scotland than in England, whence Scotland receives almoſt every year very large ſupplies. But Engliſh corn muſt be ſold dearer in Scotland, the country to which it is brought, than in England, the country from which it comes; and in proportion to its quality it cannot be ſold dearer in Scotland than the Scotch corn that comes to the ſame market in competition with it. The quality of grain depends chiefly upon the quantity of flour or meal which it yields at the mill, and in this reſpect Engliſh grain is ſo much ſuperior to the Scotch, that, though often dearer in appearance, or in proportion to the meaſure of its bulk, it is generally cheaper in reality, or in proportion to its quality, or even to the meaſure of its weight. The price of labour, on the contrary, is dearer in England than in Scotland. If the labouring poor, therefore, can maintain their families in the one part of the united kingdom, they muſt be in affluence in the other. Oatmeal indeed ſupplies the common people in Scotland with the greateſt and the beſt part of their food, which is in general much inferior to that of their neighbours of the ſame rank in England. This difference, however, in the mode of their ſubſiſtence is not the cauſe,

but

but the effect, of the difference in their wages; though, by a ſtrange miſapprehenſion, I have frequently heard it repreſented as the cauſe. It is not becauſe one man keeps a coach while his neighbour walks a-foot, that the one is rich and the other poor: but becauſe the one is rich he keeps a coach, and becauſe the other is poor he walks a-foot. CHAP. VIII.

During the courſe of the laſt century, taking one year with another, grain was dearer in both parts of the united kingdom than during that of the preſent. This is a matter of fact which cannot now admit of any reaſonable doubt; and the proof of it is, if poſſible, ſtill more deciſive with regard to Scotland than with regard to England. It is in Scotland ſupported by the evidence of the public fiars, annual valuations made upon oath, according to the actual ſtate of the markets, of all the different ſorts of grain in every different county of Scotland. If ſuch direct proof could require any collateral evidence to confirm it, I would obſerve that this has likewiſe been the caſe in France, and probably in moſt other parts of Europe. With regard to France there is the cleareſt proof. But though it is certain that in both parts of the united kingdom grain was ſomewhat dearer in the laſt century than in the preſent, it is equally certain that labour was much cheaper. If the labouring poor, therefore, could bring up their families then, they muſt be much more at their eaſe now. In the laſt century, the moſt uſual day-wages of common labour through the greater part of Scotland

BOOK I. were ſixpence in ſummer and five-pence in winter. Three ſhillings a week, the ſame price very nearly, ſtill continues to be paid in ſome parts of the Highlands and Weſtern Iſlands. Through the greater part of the low country the moſt uſual wages of common labour are now eight-pence a day; ten-pence, ſometimes a ſhilling about Edinburgh, in the counties which border upon England, probably on account of that neighbourhood, and in a few other places where there has lately been a conſiderable riſe in the demand for labour, about Glaſgow, Carron, Ayr-ſhire, &c. In England the improvements of agriculture, manufactures and commerce began much earlier than in Scotland. The demand for labour, and conſequently its price, muſt neceſſarily have increaſed with thoſe improvements. In the laſt century, accordingly, as well as in the preſent, the wages of labour were higher in England than in Scotland. They have riſen too conſiderably ſince that time, though, on account of the greater variety of wages paid there in different places, it is more difficult to aſcertain how much. In 1614, the pay of a foot ſoldier was the ſame as in the preſent times, eight pence a day. When it was firſt eſtabliſhed it would naturally be regulated by the uſual wages of common labourers, the rank of people from which foot ſoldiers are commonly drawn. Lord Chief Juſtice Hales, who wrote in the time of Charles II, computes the neceſſary expence of a labourer's family, conſiſting of ſix perſons, the father and mother, two children able to

to do ſomething, and two not able, at ten ſhillings a week, or twenty-ſix pounds a year. If they cannot earn this by their labour, they muſt make it up, he ſuppoſes, either by begging or ſtealing. He appears to have enquired very carefully into this ſubject *. In 1688, Mr. Gregory King, whoſe ſkill in political arithmetic is ſo much extolled by Doctor Davenant, computed the ordinary income of labourers and out-ſervants to be fifteen pounds a year to a family, which he ſuppoſed to conſiſt, one with another, of three and a half perſons. His calculation, therefore, though different in appearance, correſponds very nearly at bottom with that of Judge Hales. Both ſuppoſe the weekly expence of ſuch families to be about twenty pence a head. Both the pecuniary income and expence of ſuch families have increaſed conſiderably ſince that time through the greater part of the kingdom; in ſome places more, and in ſome leſs; though perhaps ſcarce any where ſo much as ſome exaggerated accounts of the preſent wages of labour have lately repreſented them to the public. The price of labour, it muſt be obſerved, cannot be aſcertained very accurately any where, different prices being often paid at the ſame place and for the ſame ſort of labour, not only according to the different abilities of the workmen, but according to the eaſineſs or hardneſs of the maſters. Where wages are not regulated by law, all that we can

* See his ſcheme for the maintenance of the Poor, in Burn's Hiſtory of the Poor-laws.

BOOK I. pretend to determine is what are the moſt uſual; and experience ſeems to ſhow that law can never regulate them properly, though it has often pretended to do ſo.

The real recompence of labour, the real quantity of the neceſſaries and conveniencies of life which it can procure to the labourer, has, during the courſe of the preſent century, increaſed perhaps in a ſtill greater proportion than its money price. Not only grain has become ſomewhat cheaper, but many other things, from which the induſtrious poor derive an agreeable and wholeſome variety of food, have become a great deal cheaper. Potatoes, for example, do not at preſent, through the greater part of the kingdom, coſt half the price which they uſed to do thirty or forty years ago. The ſame thing may be ſaid of turnips, carrots, cabbages; things which were formerly never raiſed but by the ſpade, but which are now commonly raiſed by the plough. All ſort of garden ſtuff too has become cheaper. The greater part of the apples and even of the onions conſumed in Great Britain were in the laſt century imported from Flanders. The great improvements in the coarſer manufactures of both linen and woollen cloth furniſh the labourers with cheaper and better cloathing; and thoſe in the manufactures of the coarſer metals, with cheaper and better inſtruments of trade, as well as with many agreeable and convenient pieces of houſhold furniture. Soap, ſalt, candles, leather, and fermented liquors, have, indeed, become a good deal dearer; chiefly from the taxes which have been

been laid upon them. The quantity of theſe, however, which the labouring poor are under any neceſſity of conſuming, is ſo very ſmall, that the increaſe in their price does not compenſate the diminution in that of ſo many other things. The common complaint that luxury extends itſelf even to the loweſt ranks of the people, and that the labouring poor will not now be contented with the ſame food, cloathing and lodging which ſatisfied them in former times, may convince us that it is not the money price of labour only, but its real recompence, which has augmented. CHAP. VIII.

Is this improvement in the circumſtances of the lower ranks of the people to be regarded as an advantage or as an inconveniency to the ſociety? The anſwer ſeems at firſt ſight abundantly plain. Servants, labourers and workmen of different kinds, make up the far greater part of every great political ſociety. But what improves the circumſtances of the greater part can never be regarded as an inconveniency to the whole. No ſociety can ſurely be flouriſhing and happy, of which the far greater part of the members are poor and miſerable. It is but equity, beſides, that they who feed, cloath and lodge the whole body of the people, ſhould have ſuch a ſhare of the produce of their own labour as to be themſelves tolerably well fed, cloathed and lodged.

Poverty, though it no doubt diſcourages, does not always prevent marriage. It ſeems even to be favourable to generation. A half-ſtarved

BOOK I. Highland woman frequently bears more than twenty children, while a pampered fine lady is often incapable of bearing any, and is generally exhauſted by two or three. Barrenneſs, ſo frequent among women of faſhion, is very rare among thoſe of inferior ſtation. Luxury in the fair ſex, while it inflames perhaps the paſſion for enjoyment, ſeems always to weaken, and frequently to deſtroy altogether, the powers of generation.

But poverty, though it does not prevent the generation, is extremely unfavourable to the rearing of children. The tender plant is produced, but in ſo cold a ſoil, and ſo ſevere a climate, ſoon withers and dies. It is not uncommon, I have been frequently told, in the Highlands of Scotland for a mother who has borne twenty children not to have two alive. Several officers of great experience have aſſured me, that ſo far from recruiting their regiment, they have never been able to ſupply it with drums and fifes from all the ſoldiers children that were born in it. A greater number of fine children, however, is ſeldom ſeen any where than about a barrack of ſoldiers. Very few of them, it ſeems, arrive at the age of thirteen or fourteen. In ſome places one half the children born die before they are four years of age; in many places before they are ſeven; and in almoſt all places before they are nine or ten. This great mortality, however, will every where be found chiefly among the children of the common people, who cannot afford to tend them with the ſame care as thoſe

of

of better ſtation. Though their marriages are generally more fruitful than thoſe of people of faſhion, a ſmaller proportion of their children arrive at maturity. In foundling hoſpitals, and among the children brought up by pariſh charities, the mortality is ſtill greater than among thoſe of the common people. CHAP. VIII.

Every ſpecies of animals naturally multiplies in proportion to the means of their ſubſiſtence, and no ſpecies can ever multiply beyond it. But in civilized ſociety it is only among the inferior ranks of people that the ſcantineſs of ſubſiſtence can ſet limits to the further multiplication of the human ſpecies; and it can do ſo in no other way than by deſtroying a great part of the children which their fruitful marriages produce.

The liberal reward of labour, by enabling them to provide better for their children, and conſequently to bring up a greater number, naturally tends to widen and extend thoſe limits. It deſerves to be remarked too, that it neceſſarily does this as nearly as poſſible in the proportion which the demand for labour requires. If this demand is continually increaſing, the reward of labour muſt neceſſarily encourage in ſuch a manner the marriage and multiplication of labourers, as may enable them to ſupply that continually increaſing demand by a continually increaſing population. If the reward ſhould at any time be leſs than what was requiſite for this purpoſe, the deficiency of hands would ſoon raiſe it; and if it ſhould at any time be more, their exceſſive multiplication would ſoon lower it to this

BOOK I. this neceſſary rate. The market would be ſo much under-ſtocked with labour in the one caſe, and ſo much over-ſtocked in the other, as would ſoon force back its price to that proper rate which the circumſtances of the ſociety required. It is in this manner that the demand for men, like that for any other commodity, neceſſarily regulates the production of men; quickens it when it goes on too ſlowly, and ſtops it when it advances too faſt. It is this demand which regulates and determines the ſtate of propagation in all the different countries of the world, in North America, in Europe, and in China; which renders it rapidly progreſſive in the firſt, ſlow and gradual in the ſecond, and altogether ſtationary in the laſt.

The wear and tear of a ſlave, it has been ſaid, is at the expence of his maſter; but that of a free ſervant is at his own expence. The wear and tear of the latter, however, is, in reality, as much at the expence of his maſter as that of the former. The wages paid to journeymen and ſervants of every kind muſt be ſuch as may enable them, one with another, to continue the race of journeymen and ſervants, according as the increaſing, diminiſhing, or ſtationary demand of the ſociety may happen to require. But though the wear and tear of a free ſervant be equally at the expence of his maſter, it generally coſts him much leſs than that of a ſlave. The fund deſtined for replacing or repairing, if I may ſay ſo, the wear and tear of the ſlave, is commonly managed by a negligent maſter or careleſs overſeer. That deſtined for performing the ſame

ſame office with regard to the free man, is managed by the free man himſelf. The diſorders which generally prevail in the œconomy of the rich, naturally introduce themſelves into the management of the former: The ſtrict frugality and parſimonious attention of the poor as naturally eſtabliſh themſelves in that of the latter. Under ſuch different management, the ſame purpoſe muſt require very different degrees of expence to execute it. It appears, accordingly, from the experience of all ages and nations, I believe, that the work done by freemen comes cheaper in the end than that performed by ſlaves. It is found to do ſo even at Boſton, New York, and Philadelphia, where the wages of common labour are ſo very high.

The liberal reward of labour, therefore, as it is the effect of increaſing wealth, ſo it is the cauſe of increaſing population. To complain of it, is to lament over the neceſſary effect and cauſe of the greateſt public proſperity.

It deſerves to be remarked, perhaps, that it is in the progreſſive ſtate, while the ſociety is advancing to the further acquiſition, rather than when it has acquired its full complement of riches, that the condition of the labouring poor, of the great body of the people, ſeems to be the happieſt and the moſt comfortable. It is hard in the ſtationary, and miſerable in the declining ſtate. The progreſſive ſtate is in reality the cheerful and the hearty ſtate to all the different orders of the ſociety. The ſtationary is dull; the declining melancholy.

The

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The liberal reward of labour, as it encourages the propagation, ſo it increaſes the induſtry of the common people. The wages of labour are the encouragement of induſtry, which, like every other human quality, improves in proportion to the encouragement it receives. A plentiful ſubſiſtence increaſes the bodily ſtrength of the labourer, and the comfortable hope of bettering his condition, and of ending his days perhaps in eaſe and plenty, animates him to exert that ſtrength to the utmoſt. Where wages are high, accordingly, we ſhall always find the workmen more active, diligent, and expeditious, than where they are low; in England, for example, than in Scotland; in the neighbourhood of great towns, than in remote country places. Some workmen, indeed, when they can earn in four days what will maintain them through the week, will be idle the other three. This, however, is by no means the caſe with the greater part. Workmen, on the contrary, when they are liberally paid by the piece, are very apt to overwork themſelves, and to ruin their health and conſtitution in a few years. A carpenter in London, and in ſome other places, is not ſuppoſed to laſt in his utmoſt vigour above eight years. Something of the ſame kind happens in many other trades, in which the workmen are paid by the piece; as they generally are in manufactures, and even in country labour, wherever wages are higher than ordinary. Almoſt every claſs of artificers is ſubject to ſome peculiar infirmity occaſioned by exceſſive application to

to their peculiar ſpecies of work. Ramuzzini, an eminent Italian phyſician, has written a particular book concerning ſuch diſeaſes. We do not reckon our ſoldiers the moſt induſtrious ſet of people among us. Yet when ſoldiers have been employed in ſome particular ſorts of work, and liberally paid by the piece, their officers have frequently been obliged to ſtipulate with the undertaker, that they ſhould not be allowed to earn above a certain ſum every day, according to the rate at which they were paid. Till this ſtipulation was made, mutual emulation and the deſire of greater gain, frequently prompted them to over-work themſelves, and to hurt their health by exceſſive labour. Exceſſive application during four days of the week, is frequently the real cauſe of the idleneſs of the other three, ſo much and ſo loudly complained of. Great labour, either of mind or body, continued for ſeveral days together, is in moſt men naturally followed by a great deſire of relaxation, which, if not reſtrained by force or by ſome ſtrong neceſſity, is almoſt irreſiſtible. It is the call of nature, which requires to be relieved by ſome indulgence, ſometimes of eaſe only, but ſometimes too of diſſipation and diverſion. If it is not complied with, the conſequences are often dangerous, and ſometimes fatal, and ſuch as almoſt always, ſooner or later, bring on the peculiar infirmity of the trade. If maſters would always liſten to the dictates of reaſon and humanity, they have frequently occaſion rather to moderate, than to animate the application of many of their

CHAP. VIII.

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their workmen. It will be found, I believe, in every ſort of trade, that the man who works ſo moderately, as to be able to work conſtantly, not only preſerves his health the longeſt, but, in the courſe of the year, executes the greateſt quantity of work.

In cheap years, it is pretended, workmen are generally more idle, and in dear ones more induſtrious than ordinary. A plentiful ſubſiſtence therefore, it has been concluded, relaxes, and a ſcanty one quickens their induſtry. That a little more plenty than ordinary may render ſome workmen idle, cannot well be doubted; but that it ſhould have this effect upon the greater part, or that men in general ſhould work better when they are ill fed than when they are well fed, when they are diſheartened than when they are in good ſpirits, when they are frequently ſick than when they are generally in good health, ſeems not very probable. Years of dearth, it is to be obſerved, are generally among the common people years of ſickneſs and mortality, which cannot fail to diminiſh the produce of their induſtry.

In years of plenty, ſervants frequently leave their maſters, and truſt their ſubſiſtence to what they can make by their own induſtry. But the ſame cheapneſs of proviſions, by increaſing the fund which is deſtined for the maintenance of ſervants, encourages maſters, farmers eſpecially, to employ a greater number. Farmers upon ſuch occaſions expect more profit from their corn by maintaining a few more labouring ſervants, than by

by ſelling it at a low price in the market. The demand for ſervants increaſes, while the number of thoſe who offer to ſupply that demand diminiſhes. The price of labour, therefore, frequently riſes in cheap years. CHAP. VIII.

In years of ſcarcity, the difficulty and uncertainty of ſubſiſtence make all ſuch people eager to return to ſervice. But the high price of proviſions, by diminiſhing the funds deſtined for the maintenance of ſervants, diſpoſes maſters rather to diminiſh than to increaſe the number of thoſe they have. In dear years too, poor independent workmen frequently conſume the little ſtocks with which they had uſed to ſupply themſelves with the materials of their work, and are obliged to become journeymen for ſubſiſtence. More people want employment that can eaſily get it; many are willing to take it upon lower terms than ordinary, and the wages of both ſervants and journeymen frequently ſink in dear years.

Maſters of all ſorts, therefore, frequently make better bargains with their ſervants in dear than in cheap years, and find them more humble and dependent in the former than in the latter. They naturally, therefore, commend the former as more favourable to induſtry. Landlords and farmers, beſides, two of the largeſt claſſes of maſters, have another reaſon for being pleaſed with dear years. The rents of the one and the profits of the other depend very much upon the price of proviſions. Nothing can be more abſurd, however, than to imagine that men in general

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neral ſhould work leſs when they work for themſelves, than when they work for other people. A poor independent workman will generally be more induſtrious than even a journeyman who works by the piece. The one enjoys the whole produce of his own induſtry; the other ſhares it with his maſter. The one, in his ſeparate independent ſtate, is leſs liable to the temptations of bad company, which in large manufactories ſo frequently ruin the morals of the other. The ſuperiority of the independent workman over thoſe ſervants who are hired by the month or by the year, and whoſe wages and maintenance are the ſame whether they do much or do little, is likely to be ſtill greater. Cheap years tend to increaſe the proportion of independent workmen to journeymen and ſervants of all kinds, and dear years to diminiſh it.

A French author of great knowledge and ingenuity, Mr. Meſſance, receiver of the taillies in the election of St. Etienne, endeavours to ſhow that the poor do more work in cheap than in dear years, by comparing the quantity and value of the goods made upon thoſe different occaſions in three different manufactures; one of coarſe woollens carried on at Elbeuf; one of linen, and another of ſilk, both which extend through the whole generality of Rouen. It appears from his account, which is copied from the regiſters of the public offices, that the quantity and value of the goods made in all thoſe three manufactures has generally been greater in cheap than in dear years; and that it has always

been greateſt in the cheapeſt, and leaſt in the dearest years. All the three ſeem to be ſtationary manufactures, or which, though their produce may vary ſomewhat from year to year, are upon the whole neither going backwards nor forwards. CHAP. VIII.

The manufacture of linen in Scotland, and that of coarſe woollens in the weſt riding of Yorkſhire, are growing manufactures, of which the produce is generally, though with ſome variations, increaſing both in quantity and value. Upon examining, however, the accounts which have been publiſhed of their annual produce, I have not been able to obſerve that its variations have had any ſenſible connection with the dearneſs or cheapneſs of the ſeaſons. In 1740, a year of great ſcarcity, both manufactures, indeed, appear to have declined very conſiderably. But in 1756, another year of great ſcarcity, the Scotch manufacture made more than ordinary advances. The Yorkſhire manufacture, indeed, declined, and its produce did not riſe to what it had been in 1755 till 1766, after the repeal of the American ſtamp act. In that and the following year it greatly exceeded what it had ever been before, and it has continued to advance ever ſince.

The produce of all great manufactures for diſtant ſale muſt neceſſarily depend, not ſo much upon the dearneſs or cheapneſs of the ſeaſons in the countries where they are carried on, as upon the circumſtances which affect the demand in the countries where they are conſumed; upon peace or war, upon the proſperity or declenſion of

BOOK I. other rival manufactures, and upon the good or bad humour of their principal cuſtomers. A great part of the extraordinary work, beſides, which is probably done in cheap years, never enters the public regiſters of manufactures. The men ſervants who leave their maſters become independent labourers. The women return to their parents, and commonly ſpin in order to make cloaths for themſelves and their families. Even the independent workmen do not always work for public ſale, but are employed by ſome of their neighbours in manufactures for family uſe. The produce of their labour, therefore, frequently makes no figure in thoſe public regiſters of which the records are ſometimes publiſhed with ſo much parade, and from which our merchants and manufacturers would often vainly pretend to announce the proſperity or declenſion of the greateſt empires.

Though the variations in the price of labour, not only do not always correſpond with thoſe in the price of proviſions, but are frequently quite oppoſite, we muſt not, upon this account, imagine that the price of proviſions has no influence upon that of labour. The money price of labour is neceſſarily regulated by two circumſtances; the demand for labour, and the price of the neceſſaries and conveniences of life. The demand for labour, according as it happens to be increaſing, ſtationary, or declining, or to require an increaſing, ſtationary, or declining population, determines the quantity of the neceſſaries and conveniences of life which muſt be

given to the labourer; and the money price of labour is determined by what is requiſite for purchaſing this quantity. Though the money price of labour, therefore, is ſometimes high where the price of proviſions is low, it would be ſtill higher, the demand continuing the ſame, if the price of proviſions was high.

It is becauſe the demand for labour increaſes in years of ſudden and extraordinary plenty, and diminiſhes in thoſe of ſudden and extraordinary ſcarcity, that the money price of labour ſometimes riſes in the one, and ſinks in the other.

In a year of ſudden and extraordinary plenty, there are funds in the hands of many of the employers of induſtry, ſufficient to maintain and employ a greater number of induſtrious people than had been employed the year before; and this extraordinary number cannot always be had. Thoſe maſters, therefore, who want more workmen, bid againſt one another, in order to get them, which ſometimes raiſes both the real and the money price of their labour.

The contrary of this happens in a year of ſudden and extraordinary ſcarcity. The funds deſtined for employing induſtry are leſs than they had been the year before. A conſiderable number of people are thrown out of employment, who bid againſt one another, in order to get it, which ſometimes lowers both the real and the money price of labour. In 1740, a year of extraordinary ſcarcity, many people were willing to work for bare ſubſiſtence. In the ſucceeding

BOOK I. years of plenty, it was more difficult to get labourers and ſervants.

The ſcarcity of a dear year, by diminiſhing the demand for labour, tends to lower its price, as the high price of proviſions tends to raiſe it. The plenty of a cheap year, on the contrary, by increaſing the demand, tends to raiſe the price of labour, as the cheapneſs of proviſions tends to lower it. In the ordinary variations of the price of proviſions, thoſe two oppoſite cauſes ſeem to counterbalance one another; which is probably in part the reaſon why the wages of labour are every-where ſo much more ſteady and permanent than the price of proviſions.

The increaſe in the wages of labour neceſſarily increaſes the price of many commodities, by increaſing that part of it which reſolves itſelf into wages, and ſo far tends to diminiſh their conſumption both at home and abroad. The ſame cauſe, however, which raiſes the wages of labour, the increaſe of ſtock, tends to increaſe its productive powers, and to make a ſmaller quantity of labour produce a greater quantity of work. The owner of the ſtock which employs a great number of labourers, neceſſarily endeavours for his own advantage, to make ſuch a proper diviſion and diſtribution of employment, that they may be enabled to produce the greateſt quantity of work poſſible. For the ſame reaſon he endeavours to ſupply them with the beſt machinery which either he or they can think of. What takes place among the labourers in a particular workhouſe,

workhouſe, takes place, for the ſame reaſon, among thoſe of a great ſociety. The greater their number, the more they naturally divide themſelves into different claſſes and ſubdiviſions of employment. More heads are occupied in inventing the moſt proper machinery for executing the work of each, and it is, therefore, more likely to be invented. There are many commodities, therefore, which, in conſequence of theſe improvements, come to be produced by ſo much leſs labour than before, that the increaſe of its price is more than compenſated by the diminution of its quantity. CHAP VIII.

CHAP. IX.

Of the Profits of Stock.

THE riſe and fall in the profits of ſtock depend upon the ſame cauſes with the riſe and fall in the wages of labour, the increaſing or declining ſtate of the wealth of the ſociety; but thoſe cauſes affect the one and the other very differently. CHAP. IX.

The increaſe of ſtock, which raiſes wages, tends to lower profit. When the ſtocks of many rich merchants are turned into the ſame trade, their mutual competition naturally tends to lower its profit; and when there is a like increaſe of ſtock in all the different trades carried

BOOK I. on in the ſame ſociety, the ſame competition muſt produce the ſame effect in them all.

It is not eaſy, it has already been obſerved, to aſcertain what are the average wages of labour even in a particular place, and at a particular time. We can, even in this caſe, ſeldom determine more than what are the moſt uſual wages. But even this can ſeldom be done with regard to the profits of ſtock. Profit is ſo very fluctuating, that the perſon who carries on a particular trade cannot always tell you himſelf what is the average of his annual profit. It is affected, not only by every variation of price in the commodities which he deals in, but by the good or bad fortune both of his rivals and of his cuſtomers, and by a thouſand other accidents to which goods when carried either by ſea or by land, or even when ſtored in a warehouſe, are liable. It varies, therefore, not only from year to year, but from day to day, and almoſt from hour to hour. To aſcertain what is the average profit of all the different trades carried on in a great kingdom, muſt be much more difficult; and to judge of what it may have been formerly, or in remote periods of time, with any degree of preciſion, muſt be altogether impoſſible.

But though it may be impoſſible to determine with any degree of preciſion, what are or were the average profits of ſtock, either in the preſent, or in ancient times, ſome notion may be formed of them from the intereſt of money. It may be laid down as a maxim, that wherever a great deal can be made by the uſe of money, a great

a great deal will commonly be given for the uſe of it; and that wherever little can be made by it, leſs will commonly be given for it. According, therefore, as the uſual market rate of intereſt varies in any country, we may be aſſured that the ordinary profits of ſtock muſt vary with it, muſt ſink as it ſinks, and riſe as it riſes. The progreſs of intereſt, therefore, may lead us to form ſome notion of the progreſs of profit. CHAP. IX.

By the 37th of Henry VIII. all intereſt above ten per cent. was declared unlawful. More, it ſeems, had ſometimes been taken before that. In the reign of Edward VI. religious zeal prohibited all intereſt. This prohibition, however, like all others of the ſame kind, is ſaid to have produced no effect, and probably rather increaſed than diminiſhed the evil of uſury. The ſtatute of Henry VIII., was revived by the 13th of Elizabeth, cap. 8. and ten per cent continued to be the legal rate of intereſt till the 21ſt of James I. when it was reſtricted to eight per cent. It was reduced to ſix per cent. ſoon after the reſtoration, and by the 12th of Queen Anne, to five per cent. All theſe different ſtatutory regulations ſeem to have been made with great propriety. They ſeem to have followed and not to have gone before the market rate of intereſt, or the rate at which people of good credit uſually borrowed. Since the time of Queen Anne, five per cent. ſeems to have been rather above than below the market rate. Before the late war, the government borrowed at three per cent.; and people of good credit in the capital, and in

BOOK I. many other parts of the kingdom, at three and a half, four, and four and a half per cent.

Since the time of Henry VIII. the wealth and revenue of the country have been continually advancing, and, in the courſe of their progreſs, their pace ſeems rather to have been gradually accelerated than retarded. They ſeem, not only to have been going on, but to have been going on faſter and faſter. The wages of labour have been continually increaſing during the ſame period, and in the greater part of the different branches of trade and manufactures the profits of ſtock have been diminiſhing.

It generally requires a greater ſtock to carry on any ſort of trade in a great town than in a country village. The great ſtocks employed in every branch of trade, and the number of rich competitors, generally reduce the rate of profit in the former below what it is in the latter. But the wages of labour are generally higher in a great town than in a country village. In a thriving town the people who have great ſtocks to employ, frequently cannot get the number of workmen they want, and therefore bid againſt one another in order to get as many as they can, which raiſes the wages of labour, and lowers the profits of ſtock. In the remote parts of the country there is frequently not ſtock ſufficient to employ all the people, who therefore bid againſt one another in order to get employment, which lowers the wages of labour, and raiſes the profits of ſtock.

In

In Scotland, though the legal rate of intereſt is the ſame as in England, the market rate is rather higher. People of the beſt credit there ſeldom borrow under five per cent. Even private bankers in Edinburgh give four per cent. upon their promiſſory notes, of which payment either in whole or in part may be demanded at pleaſure. Private bankers in London give no intereſt for the money which is depoſited with them. There are few trades which cannot be carried on with a ſmaller ſtock in Scotland than in England. The common rate of profit, therefore, muſt be ſomewhat greater. The wages of labour, it has already been obſerved, are lower in Scotland than in England. The country too is not only much poorer, but the ſteps by which it advances to a better condition, for it is evidently advancing, ſeem to be much ſlower and more tardy.

The legal rate of intereſt in France has not, during the courſe of the preſent century, been always regulated by the market rate*. In 1720 intereſt was reduced from the twentieth to the fiftieth penny, or from five to two per cent. In 1724 it was raiſed to the thirtieth penny, or to $3\frac{1}{3}$ per cent. In 1725 it was again raiſed to the twentieth penny, or to five per cent. In 1766, during the adminiſtration of Mr. Laverdy, it was reduced to the twenty-fifth penny, or to four per cent. The Abbe Terray raiſed it afterwards to the old rate of five per cent. The ſup-

* See Deniſart, Article Taux des Interets, tom. iii. p. 18.

poſed

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poſed purpoſe of many of thoſe violent reductions of intereſt was to prepare the way for reducing that of the public debts; a purpoſe which has ſometimes been executed. France is perhaps in the preſent times not ſo rich a country as England; and though the legal rate of intereſt has in France frequently been lower than in England, the market rate has generally been higher; for there, as in other countries, they have ſeveral very ſafe and eaſy methods of evading the law. The profits of trade, I have been aſſured by Britiſh merchants who have traded in both countries, are higher in France than in England; and it is no doubt upon this account that many Britiſh ſubjects chuſe rather to employ their capitals in a country where trade is in diſgrace, than in one where it is highly reſpected. The wages of labour are lower in France than in England. When you go from Scotland to England, the difference which you may remark between the dreſs and countenance of the common people in the one country and in the other, ſufficiently indicates the difference in their condition. The contraſt is ſtill greater when you return from France. France, though no doubt a richer country than Scotland, ſeems not to be going forward ſo faſt. It is a common and even a popular opinion in the country, that it is going backwards; an opinion which, I apprehend, is ill-founded even with regard to France, but which nobody can poſſibly entertain with regard to Scotland, who ſees the country now, and who ſaw it twenty or thirty years ago.

The

The province of Holland, on the other hand, in proportion to the extent of its territory and the number of its people, is a richer country than England. The government there borrow at two per cent., and private people of good credit at three. The wages of labour are ſaid to be higher in Holland than in England, and the Dutch, it is well known, trade upon lower profits than any people in Europe. The trade of Holland, it has been pretended by ſome people, is decaying, and it may perhaps be true that ſome particular branches of it are ſo. But theſe ſymptoms ſeem to indicate ſufficiently that there is no general decay. When profit diminiſhes, merchants are very apt to complain that trade decays; though the diminution of profit is the natural effect of its proſperity, or of a greater ſtock being employed in it than before. During the late war the Dutch gained the whole carrying trade of France, of which they ſtill retain a very large ſhare. The great property which they poſſeſs both in the French and Engliſh funds, about forty millions, it is ſaid, in the latter (in which I ſuſpect, however, there is a conſiderable exaggeration); the great ſums which they lend to private people in countries where the rate of intereſt is higher than in their own, are circumſtances which no doubt demonſtrate the redundancy of their ſtock, or that it has increaſed beyond what they can employ with tolerable profit in the proper buſineſs of their own country: but they do not demonſtrate that that buſineſs has decreaſed. As the capital of a private

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private man, though acquired by a particular trade, may increaſe beyond what he can employ in it, and yet that trade continue to increaſe too; ſo may likewiſe the capital of a great nation.

In our North American and Weſt Indian colonies, not only the wages of labour, but the intereſt of money, and conſequently the profits of ſtock, are higher than in England. In the different colonies both the legal and the market rate of intereſt run from ſix to eight per cent. High wages of labour and high profits of ſtock, however, are things, perhaps, which ſcarce ever go together, except in the peculiar circumſtances of new colonies. A new colony muſt always for ſome time be more under-ſtocked in proportion to the extent of its territory, and more under-peopled in proportion to the extent of its ſtock, than the greater part of other countries. They have more land than they have ſtock to cultivate. What they have, therefore, is applied to the cultivation only of what is moſt fertile and moſt favourably ſituated, the land near the ſea ſhore, and along the banks of navigable rivers. Such land too is frequently purchaſed at a price below the value even of its natural produce. Stock employed in the purchaſe and improvement of ſuch lands muſt yield a very large profit, and conſequently afford to pay a very large intereſt. Its rapid accumulation in ſo profitable an employment enables the planter to increaſe the number of his hands faſter than he can find them in a new ſettlement. Thoſe whom he can find, therefore, are very liberally rewarded.

CHAP. IX.

As the colony increaſes, the profits of ſtock gradually diminiſh. When the moſt fertile and beſt ſituated lands have been all occupied, leſs profit can be made by the cultivation of what is inferior both in ſoil and ſituation, and leſs intereſt can be afforded for the ſtock which is ſo employed. In the greater part of our colonies, accordingly, both the legal and the market rate of intereſt have been conſiderably reduced during the courſe of the preſent century. As riches, improvement, and population have increaſed, intereſt has declined. The wages of labour do not ſink with the profits of ſtock. The demand for labour increaſes with the increaſe of ſtock whatever be its profits; and after theſe are diminiſhed, ſtock may not only continue to increaſe, but to increaſe much faſter than before. It is with induſtrious nations who are advancing in the acquiſition of riches, as with induſtrious individuals. A great ſtock, though with ſmall profits, generally increaſes faſter than a ſmall ſtock with great profits. Money, ſays the proverb, makes money. When you have got a little, it is often eaſy to get more. The great difficulty is to get that little. The connection between the increaſe of ſtock and that of induſtry, or of the demand for uſeful labour, has partly been explained already, but will be explained more fully hereafter in treating of the accumulation of ſtock.

The acquiſition of new territory, or of new branches of trade, may ſometimes raiſe the profits of ſtock, and with them the intereſt of money, even

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even in a country which is faſt advancing in the acquiſition of riches. The ſtock of the country not being ſufficient for the whole acceſſion of buſineſs, which ſuch acquiſitions preſent to the different people among whom it is divided, is applied to thoſe particular branches only which afford the greateſt profit. Part of what had before been employed in other trades, is neceſſarily withdrawn from them, and turned into ſome of the new and more profitable ones. In all thoſe old trades, therefore, the competition comes to be leſs than before. The market comes to be leſs fully ſupplied with many different ſorts of goods. Their price neceſſarily riſes more or leſs, and yields a greater profit to thoſe who deal in them, who can, therefore, afford to borrow at a higher intereſt. For ſome time after the concluſion of the late war, not only private people of the beſt credit, but ſome of the greateſt companies in London, commonly borrowed at five per cent. who before that had not been uſed to pay more than four, and four and a half per cent. The great acceſſion both of territory and trade, by our acquiſitions in North America and the Weſt Indies, will ſufficiently account for this, without ſuppoſing any diminution in the capital ſtock of the ſociety. So great an acceſſion of new buſineſs to be carried on by the old ſtock, muſt neceſſarily have diminiſhed the quantity employed in a great number of particular branches, in which the competition being leſs, the profits muſt have been greater. I ſhall hereafter have occaſion to mention the reaſons which

diſpoſe

diſpoſe me to believe that the capital ſtock of Great Britain was not diminiſhed even by the enormous expence of the late war. CHAP. IX.

The diminution of the capital ſtock of the ſociety, or of the funds deſtined for the maintenance of induſtry, however, as it lowers the wages of labour, ſo it raiſes the profits of ſtock, and conſequently the intereſt of money. By the wages of labour being lowered, the owners of what ſtock remains in the ſociety can bring their goods at leſs expence to market than before, and leſs ſtock being employed in ſupplying the market than before, they can ſell them dearer. Their goods coſt them leſs, and they get more for them. Their profits, therefore, being augmented at both ends, can well afford a large intereſt. The great fortunes ſo ſuddenly and ſo eaſily acquired in Bengal and the other Britiſh ſettlements in the Eaſt Indies, may ſatisfy us that, as the wages of labour are very low, ſo the profits of ſtock are very high in thoſe ruined countries. The intereſt of money is proportionably ſo. In Bengal, money is frequently lent to the farmers at forty, fifty, and ſixty per cent. and the ſucceeding crop is mortgaged for the payment. As the profits which can afford ſuch an intereſt muſt eat up almoſt the whole rent of the landlord, ſo ſuch enormous uſury muſt in its turn eat up the greater part of thoſe profits. Before the fall of the Roman republic, a uſury of the ſame kind ſeems to have been common in the provinces, under the ruinous adminiſtration of their proconſuls. The virtuous Brutus lent money

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money in Cyprus at eight-and-forty per cent. as we learn from the letters of Cicero.

In a country which had acquired that full complement of riches which the nature of its ſoil and climate, and its ſituation with reſpect to other countries, allowed it to acquire; which could, therefore, advance no further, and which was not going backwards, both the wages of labour and the profits of ſtock would probably be very low. In a country fully peopled in proportion to what either its territory could maintain or its ſtock employ, the competition for employment would neceſſarily be ſo great as to reduce the wages of labour to what was barely ſufficient to keep up the number of labourers, and, the country being already fully peopled, that number could never be augmented. In a country fully ſtocked in proportion to all the buſineſs it had to tranſact, as great a quantity of ſtock would be employed in every particular branch as the nature and extent of the trade would admit. The competition, therefore, would every-where be as great, and conſequently the ordinary profit as low as poſſible.

But perhaps no country has ever yet arrived at this degree of opulence. China ſeems to have been long ſtationary, and had probably long ago acquired that full complement of riches which is conſiſtent with the nature of its laws and inſtitutions. But this complement may be much inferior to what, with other laws and inſtitutions, the nature of its ſoil, climate, and ſituation might admit of. A country which neglects

or

or deſpiſes foreign commerce, and which admit the veſſels of foreign nations into one or two of its ports only, cannot tranſact the ſame quantity of buſineſs which it might do with different laws and inſtitutions. In a country too, where, though the rich or the owners of large capitals enjoy a good deal of ſecurity, the poor or the owners of ſmall capitals enjoy ſcarce any, but are liable, under the pretence of juſtice, to be pillaged and plundered at any time by the inferior mandarines, the quantity of ſtock employed in all the different branches of buſineſs tranſacted within it, can never be equal to what the nature and extent of that buſineſs might admit. In every different branch, the oppreſſion of the poor muſt eſtabliſh the monopoly of the rich, who, by engroſſing the whole trade to themſelves, will be able to make very large profits. Twelve per cent. accordingly is ſaid to be the common intereſt of money in China, and the ordinary profits of ſtock muſt be ſufficient to afford this large intereſt.

A defect in the law may ſometimes raiſe the rate of intereſt conſiderably above what the condition of the country, as to wealth or poverty, would require. When the law does not enforce the performance of contracts, it puts all borrowers nearly upon the ſame footing with bankrupts or people of doubtful credit in better regulated countries. The uncertainty of recovering his money makes the lender exact the ſame uſurious intereſt which is uſually required from bankrupts. Among the barbarous nations who

BOOK I. over-run the weſtern provinces of the Roman empire, the performance of contracts was left for many ages to the faith of the contracting parties. The courts of juſtice of their kings ſeldom intermeddled in it. The high rate of intereſt which took place in thoſe ancient times may perhaps be partly accounted for from this cauſe.

When the law prohibits intereſt altogether, it does not prevent it. Many people muſt borrow, and nobody will lend without ſuch a conſideration for the uſe of their money as is ſuitable, not only to what can be made by the uſe of it, but to the difficulty and danger of evading the law. The high rate of intereſt among all Mahometan nations is accounted for by Mr. Monteſquieu, not from their poverty, but partly from this, and partly from the difficulty of recovering the money.

The loweſt ordinary rate of profit muſt always be ſomething more than what is ſufficient to compenſate the occaſional loſſes to which every employment of ſtock is expoſed. It is this ſurplus only which is neat or clear profit. What is called groſs profit comprehends frequently, not only this ſurplus, but what is retained for compenſating ſuch extraordinary loſſes. The intereſt which the borrower can afford to pay is in proportion to the clear profit only.

The loweſt ordinary rate of intereſt muſt, in the ſame manner, be ſomething more than ſufficient to compenſate the occaſional loſſes to which lending, even with tolerable prudence, is expoſed.

poſed. Were it not more, charity or friendſhip could be the only motives for lending.

In a country which had acquired its full complement of riches, where in every particular branch of buſineſs there was the greateſt quantity of ſtock that could be employed in it, as the ordinary rate of clear profit would be very ſmall, ſo the uſual market rate of intereſt which could be afforded out of it, would be ſo low as to render it impoſſible for any but the very wealthieſt people to live upon the intereſt of their money. All people of ſmall or middling fortunes would be obliged to ſuperintend themſelves the employment of their own ſtocks. It would be neceſſary that almoſt every man ſhould be a man of buſineſs, or engage in ſome ſort of trade. The province of Holland ſeems to be approaching near to this ſtate. It is there unfaſhionable not to be a man of buſineſs. Neceſſity makes it uſual for almoſt every man to be ſo, and cuſtom every where regulates faſhion. As it is ridiculous not to dreſs, ſo is it, in ſome meaſure, not to be employed, like other people. As a man of a civil profeſſion ſeems awkward in a camp or a garriſon, and is even in ſome danger of being deſpiſed there, ſo does an idle man among men of buſineſs.

The higheſt ordinary rate of profit may be ſuch as, in the price of the greater part of commodities, eats up the whole of what ſhould go to the rent of the land, and leaves only what is ſufficient to pay the labour of preparing and bring-

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ing them to market, according to the loweſt rate at which labour can any-where be paid, the bare ſubſiſtence of the labourer. The workman muſt always have been fed in ſome way or other while he was about the work; but the landlord may not always have been paid. The profits of the trade which the ſervants of the Eaſt India Company carry on in Bengal may not perhaps be very far from this rate.

The proportion which the uſual market rate of intereſt ought to bear to the ordinary rate of clear profit, neceſſarily varies as profit riſes or falls. Double intereſt is in Great Britain reckoned, what the merchants call, a good, moderate, reaſonable profit; terms which I apprehend mean no more than a common and uſual profit. In a country where the ordinary rate of clear profit is eight or ten per cent. it may be reaſonable that one half of it ſhould go to intereſt, wherever buſineſs is carried on with borrowed money. The ſtock is at the riſk of the borrower, who, as it were, inſures it to the lender; and four or five per cent. may, in the greater part of trades, be both a ſufficient profit upon the riſk of this inſurance, and a ſufficient recompence for the trouble of employing the ſtock. But the proportion between intereſt and clear profit might not be the ſame in countries where the ordinary rate of profit was either a good deal lower, or a good deal higher. If it were a good deal lower, one half of it perhaps could not be afforded for intereſt; and more

more might be afforded if it were a good deal higher. CHAP. IX.

In countries which are faſt advancing to riches, the low rate of profit may, in the price of many commodities, compenſate the high wages of labour, and enable thoſe countries to ſell as cheap as their leſs thriving neighbours, among whom the wages of labour may be lower.

In reality high profits tend much more to raiſe the price of work than high wages. If in the linen manufacture, for example, the wages of the different working people, the flax-dreſſers, the ſpinners, the weavers, &c. ſhould, all of them, be advanced two pence a day; it would be neceſſary to heighten the price of a piece of linen only by a number of two pences equal to the number of people that had been employed about it, multiplied by the number of days during which they had been ſo employed. That part of the price of the commodity which reſolved itſelf into wages would, through all the different ſtages of the manufacture, riſe only in arithmetical proportion to this riſe of wages. But if the profits of all the different employers of thoſe working people ſhould be raiſed five per cent. that part of the price of the commodity which reſolved itſelf into profit, would, through all the different ſtages of the manufacture, riſe in geometrical proportion to this riſe of profit. The employer of the flax-dreſſers would in ſelling his flax require an additional five per cent. upon the whole value of the materials and wages which he advanced to his workmen. The employer of

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the ſpinners would require an additional five per cent. both upon the advanced price of the flax and upon the wages of the ſpinners. And the employer of the weavers would require a like five per cent. both upon the advanced price of the linen yarn and upon the wages of the weavers. In raiſing the price of commodities the riſe of wages operates in the ſame manner as ſimple intereſt does in the accumulation of debt. The riſe of profit operates like compound intereſt. Our merchants and maſter-manufacturers complain much of the bad effects of high wages in raiſing the price, and thereby leſſening the ſale of their goods both at home and abroad. They ſay nothing concerning the bad effects of high profits. They are ſilent with regard to the pernicious effects of their own gains. They complain only of thoſe of other people.

CHAP.

CHAP. X.

Of Wages and Profit in the different Employments of Labour and Stock.

CHAP. X.

THE whole of the advantages and diſadvantages of the different employments of labour and ſtock muſt, in the ſame neighbourhood, be either perfectly equal or continually tending to equality. If in the ſame neighbourhood, there was any employment evidently either more or leſs advantageous than the reſt, ſo many people would crowd into it in the one caſe, and ſo many would deſert it in the other, that its advantages would ſoon return to the level of other employments. This at leaſt would be the caſe in a ſociety where things were left to follow their natural courſe, where there was perfect liberty, and where every man was perfectly free both to chuſe what occupation he thought proper, and to change it as often as he thought proper. Every man's intereſt would prompt him to ſeek the advantageous, and to ſhun the diſadvantageous employment.

Pecuniary wages and profit, indeed, are everywhere in Europe extremely different according to the different employments of labour and ſtock. But this difference ariſes partly from certain circumſtances in the employments themſelves, which, either really, or at leaſt in the imaginations of men, make up for a ſmall pecuniary

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niary gain in ſome, and counter-balance a great one in others; and partly from the policy of Europe, which no-where leaves things at perfect liberty.

The particular conſideration of thoſe circumſtances and of that policy will divide this chapter into two parts.

PART I.

Inequalities ariſing from the Nature of the Employments themſelves.

THE five following are the principal circumſtances which, ſo far as I have been able to obſerve, make up for a ſmall pecuniary gain in ſome employments, and counter-balance a great one in others: firſt, the agreeableneſs or diſagreeableneſs of the employments themſelves; ſecondly, the eaſineſs and cheapneſs, or the difficulty and expence of learning them; thirdly, the conſtancy or inconſtancy of employment in them; fourthly, the ſmall or great truſt which muſt be repoſed in thoſe who exerciſe them; and fifthly, the probability or improbability of ſucceſs in them.

Firſt, The wages of labour vary with the eaſe or hardſhip, the cleanlineſs or dirtineſs, the honourableneſs or diſhonourableneſs of the employment. Thus in moſt places, take the year round, a journeyman taylor earns leſs than a journeyman weaver. His work is much eaſier. A journeyman weaver earns leſs than a journeyman ſmith. His work is not always eaſier, but it

it is much cleanlier. A journeyman blackſmith, though an artificer, ſeldom earns ſo much in twelve hours as a collier, who is only a labourer, does in eight. His work is not quite ſo dirty, is leſs dangerous, and is carried on in day-light, and above ground. Honour makes a great part of the reward of all honourable profeſſions. In point of pecuniary gain, all things conſidered, they are generally under-recompenſed, as I ſhall endeavour to ſhow by and by. Diſgrace has the contrary effect. The trade of a butcher is a brutal and an odious buſineſs; but it is in moſt places more profitable than the greater part of common trades. The moſt deteſtable of all employments, that of public executioner, is, in proportion to the quantity of work done, better paid than any common trade whatever.

Hunting and fiſhing, the moſt important employments of mankind in the rude ſtate of ſociety, become in its advanced ſtate their moſt agreeable amuſements, and they purſue for pleaſure what they once followed from neceſſity. In the advanced ſtate of ſociety, therefore, they are all very poor people who follow as a trade, what other people purſue as a paſtime. Fiſhermen have been ſo ſince the time of * Theocritus. A poacher is every-where a very poor man in Great Britain. In countries where the rigour of the law ſuffers no poachers, the licenſed hunter is not in a much better condition. The natural taſte for thoſe employments makes more people follow them than can live comfortably by them,

* See Idyllium xxi.

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and the produce of their labour, in proportion to its quantity, comes always too cheap to market to afford any thing but the moſt ſcanty ſubſiſtence to the labourers.

Diſagreeableneſs and diſgrace affect the profits of ſtock in the ſame manner as the wages of labour. The keeper of an inn or tavern, who is never maſter of his own houſe, and who is expoſed to the brutality of every drunkard, exerciſes neither a very agreeable nor a very creditable buſineſs. But there is ſcarce any common trade in which a ſmall ſtock yields ſo great a profit.

Secondly, The wages of labour vary with the eaſineſs and cheapneſs, or the difficulty and expence of learning the buſineſs.

When any expenſive machine is erected, the extraordinary work to be performed by it before it is worn out, it muſt be expected, will replace the capital laid out upon it, with at leaſt the ordinary profits. A man educated at the expence of much labour and time to any of thoſe employments which require extraordinary dexterity and ſkill, may be compared to one of thoſe expenſive machines. The work which he learns to perform, it muſt be expected, over and above the uſual wages of common labour, will replace to him the whole expence of his education, with at leaſt the ordinary profits of an equally valuable capital. It muſt do this too in a reaſonable time, regard being had to the very uncertain duration of human life, in the ſame manner as to the more certain duration of the machine.

The

The difference between the wages of ſkilled labour and thoſe of common labour, is founded upon this principle. CHA X.

The policy of Europe conſiders the labour of all mechanics, artificers, and manufacturers, as ſkilled labour; and that of all country labourers as common labour. It ſeems to ſuppoſe that of the former to be of a more nice and delicate nature than that of the latter. It is ſo perhaps in ſome caſes; but in the greater part it is quite otherwiſe, as I ſhall endeavour to ſhew by and by. The laws and cuſtoms of Europe, therefore, in order to qualify any perſon for exerciſing the one ſpecies of labour, impoſe the neceſſity of an apprenticeſhip, though with different degrees of rigour in different places. They leave the other free and open to every body. During the continuance of the apprenticeſhip, the whole labour of the apprentice belongs to his maſter. In the mean time he muſt, in many caſes, be maintained by his parents or relations, and in almoſt all caſes muſt be cloathed by them. Some money too is commonly given to the maſter for teaching him his trade. They who cannot give money, give time, or become bound for more than the uſual number of years; a conſideration which, though it is not always advantageous to the maſter, on account of the uſual idleneſs of apprentices, is always diſadvantageous to the apprentice. In country labour, on the contrary, the labourer, while he is employed about the eaſier, learns the more difficult parts of his buſineſs, and his own labour maintains him through

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through all the different ſtages of his employment. It is reaſonable, therefore, that in Europe the wages of mechanics, artificers, and manufacturers, ſhould be ſomewhat higher than thoſe of common labourers. They are ſo accordingly, and their ſuperior gains make them in moſt places be conſidered as a ſuperior rank of people. This ſuperiority, however, is generally very ſmall; the daily or weekly earnings of journeymen in the more common ſorts of manufactures, ſuch as thoſe of plain linen and woollen cloth, computed at an average, are, in moſt places, very little more than the day wages of common labourers. Their employment, indeed, is more ſteady and uniform, and the ſuperiority of their earnings, taking the whole year together, may be ſomewhat greater. It ſeems evidently, however, to be no greater than what is ſufficient to compenſate the ſuperior expence of their education.

Education in the ingenious arts and in the liberal profeſſions, is ſtill more tedious and expenſive. The pecuniary recompence, therefore, of painters and ſculptors, of lawyers and phyſicians, ought to be much more liberal: and it is ſo accordingly.

The profits of ſtock ſeem to be very little affected by the eaſineſs or difficulty of learning the trade in which it is employed. All the different ways in which ſtock is commonly employed in great towns ſeem, in reality, to be almoſt equally eaſy and equally difficult to learn. One branch either of foreign or domeſtic trade, cannot

cannot well be a much more intricate buſineſs than another. CHAP. X.

Thirdly, The wages of labour in different occupations vary with the conſtancy or inconſtancy of employment.

Employment is much more conſtant in ſome trades than in others. In the greater part of manufactures, a journeyman may be pretty ſure of employment almoſt every day in the year that he is able to work. A maſon or bricklayer, on the contrary, can work neither in hard froſt nor in foul weather, and his employment at all other times depends upon the occaſional calls of his cuſtomers. He is liable, in conſequence, to be frequently without any. What he earns, therefore, while he is employed, muſt not only maintain him while he is idle, but make him ſome compenſation for thoſe anxious and deſponding moments which the thought of ſo precarious a ſituation muſt ſometimes occaſion. Where the computed earnings of the greater part of manufacturers, accordingly, are nearly upon a level with the day wages of common labourers, thoſe of maſons and bricklayers are generally from one half more to double thoſe wages. Where common labourers earn four and five ſhillings a week, maſons and bricklayers frequently earn ſeven and eight; where the former earn ſix, the latter often earn nine and ten, and where the former earn nine and ten, as in London, the latter commonly earn fifteen and eighteen. No ſpecies of ſkilled labour, however, ſeems more eaſy to learn than that of maſons and bricklayers.

Chairmen

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Chairmen in London, during the ſummer ſeaſon, are ſaid ſometimes to be employed as bricklayers. The high wages of thoſe workmen, therefore, are not ſo much the recompence of their ſkill, as the compenſation for the inconſtancy of their employment.

A houſe carpenter ſeems to exerciſe rather a nicer and more ingenious trade than a maſon. In moſt places, however, for it is not univerſally ſo, his day-wages are ſomewhat lower. His employment, though it depends much, does not depend ſo entirely upon the occaſional calls of his cuſtomers; and it is not liable to be interrupted by the weather.

When the trades which generally afford conſtant employment, happen in a particular place not to do ſo, the wages of the workmen always riſe a good deal above their ordinary proportion to thoſe of common labour. In London almoſt all journeymen artificers are liable to be called upon and diſmiſſed by their maſters from day to day, and from week to week, in the ſame manner as day-labourers in other places. The loweſt order of artificers, journeymen taylors, accordingly, earn there half a crown a day, though eighteen pence may be reckoned the wages of common labour. In ſmall towns and country villages, the wages of journeymen taylors frequently ſcarce equal thoſe of common labour; but in London they are often many weeks without employment, particularly during the ſummer.

When

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When the inconſtancy of employment is combined with the hardſhip, diſagreeableneſs, and dirtineſs of the work, it ſometimes raiſes the wages of the moſt common labour above thoſe of the moſt ſkilful artificers. A collier working by the piece is ſuppoſed, at Newcaſtle, to earn commonly about double, and in many parts of Scotland about three times the wages of common labour. His high wages ariſe altogether from the hardſhip, diſagreeableneſs, and dirtineſs of his work. His employment may, upon moſt occaſions, be as conſtant as he pleaſes. The coal-heavers in London exerciſe a trade which in hardſhip, dirtineſs, and diſagreeableneſs, almoſt equals that of colliers; and from the unavoidable irregularity in the arrivals of coal-ſhips, the employment of the greater part of them is neceſſarily very inconſtant. If colliers, therefore, commonly earn double and triple the wages of common labour, it ought not to ſeem unreaſonable that coal-heavers ſhould ſometimes earn four and five times thoſe wages. In the enquiry made into their condition a few years ago, it was found that at the rate at which they were then paid, they could earn from ſix to ten ſhillings a day. Six ſhillings are about four times the wages of common labour in London, and in every particular trade, the loweſt common earnings may always be conſidered as thoſe of the far greater number. How extravagant ſoever thoſe earnings may appear, if they were more than ſufficient to compenſate all the diſagreeable circumſtances of the buſineſs, there

BOOK I. would ſoon be ſo great a number of competitors as, in a trade which has no excluſive privilege, would quickly reduce them to a lower rate.

The conſtancy or inconſtancy of employment cannot affect the ordinary profits of ſtock in any particular trade. Whether the ſtock is or is not conſtantly employed depends, not upon the trade, but the trader.

Fourthly, The wages of labour vary according to the ſmall or great truſt which muſt be repoſed in the workmen.

The wages of goldſmiths and jewellers are every-where ſuperior to thoſe of many other workmen, not only of equal, but of much ſuperior ingenuity; on account of the precious materials with which they are intruſted.

We truſt our health to the phyſician; our fortune and ſometimes our life and reputation to the lawyer and attorney. Such confidence could not ſafely be repoſed in people of a very mean or low condition. Their reward muſt be ſuch, therefore, as may give them that rank in the ſociety which ſo important a truſt requires. The long time and the great expence which muſt be laid out in their education, when combined with this circumſtance, neceſſarily enhance ſtill further the price of their labour.

When a perſon employs only his own ſtock in trade, there is no truſt; and the credit which he may get from other people, depends, not upon the nature of his trade, but upon their opinion of his fortune, probity, and prudence. The different

ferent rates of profit, therefore, in the different branches of trade, cannot ariſe from the different degrees of truſt repoſed in the traders. CHAP. X.

Fifthly, The wages of labour in different employments vary according to the probability or improbability of ſucceſs in them.

The probability that any particular perſon ſhall ever be qualified for the employment to which he is educated, is very different in different occupations. In the greater part of mechanic trades, ſucceſs is almoſt certain; but very uncertain in the liberal profeſſions. Put your ſon apprentice to a ſhoemaker, there is little doubt of his learning to make a pair of ſhoes: But ſend him to ſtudy the law, it is at leaſt twenty to one if ever he makes ſuch a proficiency as will enable him to live by the buſineſs. In a perfectly fair lottery, thoſe who draw the prizes ought to gain all that is loſt by thoſe who draw the blanks. In a profeſſion where twenty fail for one that ſucceeds, that one ought to gain all that ſhould have been gained by the unſucceſsful twenty. The counſellor at law, who, perhaps, at near forty years of age, begins to make ſomething by his profeſſion, ought to receive the retribution, not only of his own ſo tedious and expenſive education, but of that of more than twenty others who are never likely to make any thing by it. How extravagant ſoever the fees of counſellors at law may ſometimes appear, their real retribution is never equal to this. Compute in any particular place, what is likely to be annually gained, and what is likely to be annually ſpent,

BOOK I. all the different workmen in any common trade, ſuch as that of ſhoemakers or weavers, and you will find that the former ſum will generally exceed the latter. But make the ſame computation with regard to all the counſellors and ſtudents of law, in all the different inns of court, and you will find that their annual gains bear but a very ſmall proportion to their annual expence, even though you rate the former as high, and the latter as low, as can well be done. The lottery of the law, therefore, is very far from being a perfectly fair lottery; and that, as well as many other liberal and honourable profeſſions, is, in point of pecuniary gain, evidently underrecompenced.

Thoſe profeſſions keep their level, however, with other occupations, and, notwithſtanding theſe diſcouragements, all the moſt generous and liberal ſpirits are eager to crowd into them. Two different cauſes contribute to recommend them. Firſt, the deſire of the reputation which attends upon ſuperior excellence in any of them; and, ſecondly, the natural confidence which every man has more or leſs, not only in his own abilities, but in his own good fortune.

To excel in any profeſſion, in which but few arrive at mediocrity, is the moſt deciſive mark of what is called genius or ſuperior talents. The public admiration which attends upon ſuch diſtinguiſhed abilities, makes always a part of their reward; a greater or ſmaller in proportion as it is higher or lower in degree. It makes a conſiderable part of that reward in the profeſſion of phyſic;

phyſic; a ſtill greater perhaps in that of law; in poetry and philoſophy it makes almoſt the whole.

There are ſome very agreeable and beautiful talents of which the poſſeſſion commands a certain ſort of admiration; but of which the exerciſe for the ſake of gain is conſidered, whether from reaſon or prejudice, as a ſort of public proſtitution. The pecuniary recompence, therefore, of thoſe who exerciſe them in this manner, muſt be ſufficient, not only to pay for the time, labour, and expence of acquiring the talents, but for the diſcredit which attends the employment of them as the means of ſubſiſtence. The exorbitant rewards of players, opera-ſingers, opera-dancers, &c. are founded upon thoſe two principles; the rarity and beauty of the talents, and the diſcredit of employing them in this manner. It ſeems abſurd at firſt ſight that we ſhould deſpiſe their perſons, and yet reward their talents with the moſt profuſe liberality. While we do the one, however, we muſt of neceſſity do the other. Should the public opinion or prejudice ever alter with regard to ſuch occupations, their pecuniary recompence would quickly diminiſh. More people would apply to them, and the competition would quickly reduce the price of their labour. Such talents, though far from being common, are by no means ſo rare as is imagined. Many people poſſeſs them in great perfection, who diſdain to make this uſe of them; and many more are capable of acquiring

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them, if any thing could be made honourably by them.

The over-weening conceit which the greater part of men have of their own abilities, is an ancient evil remarked by the philoſophers and moraliſts of all ages. Their abſurd preſumption in their own good fortune, has been leſs taken notice of. It is, however, if poſſible, ſtill more univerſal. There is no man living who, when in tolerable health and ſpirits, has not ſome ſhare of it. The chance of gain is by every man more or leſs over-valued, and the chance of loſs is by moſt men undervalued, and by ſcarce any man, who is in tolerable health and ſpirits, valued more than it is worth.

That the chance of gain is naturally over-valued, we may learn from the univerſal ſucceſs of lotteries. The world neither ever ſaw, nor ever will ſee, a perfectly fair lottery; or one in which the whole gain compenſated the whole loſs; becauſe the undertaker could make nothing by it. In the ſtate lotteries the tickets are really not worth the price which is paid by the original ſubſcribers, and yet commonly ſell in the market for twenty, thirty, and ſometimes forty per cent. advance. The vain hope of gaining ſome of the great prizes is the ſole cauſe of this demand. The ſobereſt people ſcarce look upon it as a folly to pay a ſmall ſum for the chance of gaining ten or twenty thouſand pounds; though they know that even that ſmall ſum is perhaps twenty or thirty per cent. more than the chance is worth. In a lottery in which no prize exceeded twenty pounds,

pounds, though in other reſpects it approached much nearer to a perfectly fair one than the common ſtate lotteries, there would not be the ſame demand for tickets. In order to have a better chance for ſome of the great prizes, ſome people purchaſe ſeveral tickets, and others, ſmall ſhares in a ſtill greater number. There is not, however, a more certain propoſition in mathematics, than that the more tickets you adventure upon, the more likely you are to be a loſer. Adventure upon all the tickets in the lottery, and you loſe for certain; and the greater the number of your tickets the nearer you approach to this certainty.

That the chance of loſs is frequently undervalued, and ſcarce ever valued more than it is worth, we may learn from the very moderate profit of inſurers. In order to make inſurance, either from fire or ſea-riſk, a trade at all, the common premium muſt be ſufficient to compenſate the common loſſes, to pay the expence of management, and to afford ſuch a profit as might have been drawn from an equal capital employed in any common trade. The perſon who pays no more than this, evidently pays no more than the real value of the riſk, or the loweſt price at which he can reaſonably expect to inſure it. But though many people have made a little money by inſurance, very few have made a great fortune; and from this conſideration alone, it ſeems evident enough, that the ordinary balance of profit and loſs is not more advantageous in this, than in other common trades by

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which ſo many people make fortunes. Moderate, however, as the premium of inſurance commonly is, many people deſpiſe the riſk too much to care to pay it. Taking the whole kingdom at an average, nineteen houſes in twenty, or rather, perhaps, ninety-nine in a hundred, are not inſured from fire. Sea riſk is more alarming to the greater part of people, and the proportion of ſhips inſured to thoſe not inſured is much greater. Many ſail, however, at all ſeaſons, and even in time of war, without any inſurance. This may ſometimes perhaps be done without any imprudence. When a great company, or even a great merchant, has twenty or thirty ſhips at ſea, they may, as it were, inſure one another. The premium ſaved upon them all, may more than compenſate ſuch loſſes as they are likely to meet with in the common courſe of chances. The neglect of inſurance upon ſhipping, however, in the ſame manner as upon houſes, is, in moſt caſes, the effect of no ſuch nice calculation, but of mere thoughtleſs raſhneſs and preſumptuous contempt of the riſk.

The contempt of riſk and the preſumptuous hope of ſucceſs, are in no period of life more active than at the age at which young people chuſe their profeſſions. How little the fear of misfortune is then capable of balancing the hope of good luck, appears ſtill more evidently in the readineſs of the common people to enliſt as ſoldiers, or to go to ſea, than in the eagerneſs of thoſe of better faſhion to enter into what are called the liberal profeſſions.

What

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What a common ſoldier may loſe is obvious enough. Without regarding the danger, however, young volunteers never enliſt ſo readily as at the beginning of a new war; and though they have ſcarce any chance of preferment, they figure to themſelves, in their youthful fancies, a thouſand occaſions of acquiring honour and diſtinction which never occur. Theſe romantic hopes make the whole price of their blood. Their pay is leſs than that of common labourers, and in actual ſervice their fatigues are much greater.

The lottery of the ſea is not altogether ſo diſadvantageous as that of the army. The ſon of a creditable labourer or artificer may frequently go to ſea with his father's conſent; but if he enliſts as a ſoldier it is always without it. Other people ſee ſome chance of his making ſomething by the one trade: nobody but himſelf ſees any of his making any thing by the other. The great admiral is leſs the object of public admiration than the great general, and the higheſt ſucceſs in the ſea ſervice promiſes a leſs brilliant fortune and reputation than equal ſucceſs in the land. The ſame difference runs through all the inferior degrees of preferment in both. By the rules of precedency a captain in the navy ranks with a colonel in the army: but he does not rank with him in the common eſtimation. As the great prizes in the lottery are leſs, the ſmaller ones muſt be more numerous. Common ſailors, therefore, more frequently get ſome fortune and preferment than common ſoldiers; and the hope of thoſe prizes is what principally recommends

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commends the trade. Though their ſkill and dexterity are much ſuperior to that of almoſt any artificers, and though their whole life is one continual ſcene of hardſhip and danger, yet for all this dexterity and ſkill, for all thoſe hardſhips and dangers, while they remain in the condition of common ſailors, they receive ſcarce any other recompence but the pleaſure of exerciſing the one and of ſurmounting the other. Their wages are not greater than thoſe of common labourers at the port which regulates the rate of ſeamen's wages. As they are continually going from port to port, the monthly pay of thoſe who ſail from all the different ports of Great Britain, is more nearly upon a level that that of any other workmen in thoſe different places; and the rate of the port to and from which the greateſt number ſail, that is the port of London, regulates that of all the reſt. At London the wages of the greater part of the different claſſes of workmen are about double thoſe of the ſame claſſes at Edinburgh. But the ſailors who ſail from the port of London ſeldom earn above three or four ſhillings a month more than thoſe who ſail from the port of Leith, and the difference is frequently not ſo great. In time of peace, and in the merchant ſervice, the London price is from a guinea to about ſeven-and-twenty ſhillings the calendar month. A common labourer in London, at the rate of nine or ten ſhillings a week, may earn in the calendar month from forty to five-and-forty ſhillings. The ſailor, indeed, over and above his pay, is ſupplied with proviſions,

ſions. Their value, however, may not perhaps always exceed the difference between his pay and that of the common labourer; and though it ſometimes ſhould, the exceſs will not be clear gain to the ſailor, becauſe he cannot ſhare it with his wife and family, whom he muſt maintain out of his wages at home.

The dangers and hair-breadth eſcapes of a life of adventures, inſtead of diſheartening young people, ſeem frequently to recommend a trade to them. A tender mother, among the inferior ranks of people, is often afraid to ſend her ſon to ſchool at a ſea-port town, leſt the ſight of the ſhips and the converſation and adventures of the ſailors ſhould entice him to go to ſea. The diſtant proſpect of hazards, from which we can hope to extricate ourſelves by courage and addreſs, is not diſagreeable to us, and does not raiſe the wages of labour in any employment. It is otherwiſe with thoſe in which courage and addreſs can be of no avail. In trades which are known to be very unwholeſome, the wages of labour are always remarkably high. Unwholeſomeneſs is a ſpecies of diſagreeableneſs, and its effects upon the wages of labour are to be ranked under that general head.

In all the different employments of ſtock, the ordinary rate of profit varies more or leſs with the certainty or uncertainty of the returns. Theſe are in general leſs uncertain in the inland than in the foreign trade, and in ſome branches of foreign trade than in others; in the trade to North America, for example, than in that to

BOOK I. Jamaica. The ordinary rate of profit always riſes more or leſs with the riſk. It does not, however, ſeem to riſe in proportion to it, or ſo as to compenſate it completely. Bankruptcies are moſt frequent in the moſt hazardous trades. The moſt hazardous of all trades, that of a ſmuggler, though when the adventure ſucceeds it is likewiſe the moſt profitable, is the infallible road to bankruptcy. The preſumptuous hope of ſucceſs ſeems to act here as upon all other occaſions, and to entice ſo many adventurers into thoſe hazardous trades, that their competition reduces their profit below what is ſufficient to compenſate the riſk. To compenſate it completely, the common returns ought, over and above the ordinary profits of ſtock, not only to make up for all occaſional loſſes, but to afford a ſurplus profit to the adventurers of the ſame nature with the profit of inſurers. But if the common returns were ſufficient for all this, bankruptcies would not be more frequent in theſe than in other trades.

Of the five circumſtances, therefore, which vary the wages of labour, two only affect the profits of ſtock; the agreeableneſs or diſagreeableneſs of the buſineſs, and the riſk or ſecurity with which it is attended. In point of agreeableneſs or diſagreeableneſs, there is little or no difference in the far greater part of the different employments of ſtock; but a great deal in thoſe of labour; and the ordinary profit of ſtock, though it riſes with the riſk, does not always ſeem to riſe in proportion to it. It ſhould follow from all this, that, in the ſame ſociety or neigh-

neighbourhood, the average and ordinary rates of profit in the different employments of ſtock ſhould be more nearly upon a level than the pecuniary wages of the different ſorts of labour. They are ſo accordingly. The difference between the earnings of a common labourer and thoſe of a well employed lawyer or phyſician, is evidently much greater than that between the ordinary profits in any two different branches of trade. The apparent difference, beſides, in the profits of different trades, is generally a deception ariſing from our not always diſtinguiſhing what ought to be conſidered as wages, from what ought to be conſidered as profit. CHAP. X.

Apothecaries profit is become a bye-word, denoting ſomething uncommonly extravagant. This great apparent profit, however, is frequently no more than the reaſonable wages of labour. The ſkill of an apothecary is a much nicer and more delicate matter than that of any artificer whatever; and the truſt which is repoſed in him is of much greater importance. He is the phyſician of the poor in all caſes, and of the rich when the diſtreſs or danger is not very great. His reward, therefore, ought to be ſuitable to his ſkill and his truſt, and it ariſes generally from the price at which he ſells his drugs. But the whole drugs which the beſt employed apothecary, in a large market town, will ſell in a year, may not perhaps coſt him above thirty or forty pounds. Though he ſhould ſell them, therefore, for three or four hundred, or at a thouſand per cent. profit, this may frequently be no

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no more than the reaſonable wages of his labour charged, in the only way in which he can charge them, upon the price of his drugs. The greater part of the apparent profit is real wages diſguiſed in the garb of profit.

In a ſmall ſea-port town, a little grocer will make forty or fifty per cent. upon a ſtock of a ſingle hundred pounds, while a conſiderable wholeſale merchant in the ſame place will ſcarce make eight or ten per cent. upon a ſtock of ten thouſand. The trade of the grocer may be neceſſary for the conveniency of the inhabitants, and the narrowneſs of the market may not admit the employment of a larger capital in the buſineſs. The man, however, muſt not only live by his trade, but live by it ſuitably to the qualifications which it requires. Beſides poſſeſſing a little capital, he muſt be able to read, write, and account, and muſt be a tolerable judge too of, perhaps, fifty or ſixty different ſorts of goods, their prices, qualities, and the markets where they are to be had cheapeſt. He muſt have all the knowledge, in ſhort, that is neceſſary for a great merchant, which nothing hinders him from becoming but the want of a ſufficient capital. Thirty or forty pounds a year cannot be conſidered as too great a recompence for the labour of a perſon ſo accompliſhed. Deduct this from the ſeemingly great profits of his capital, and little more will remain, perhaps, than the ordinary profits of ſtock. The greater part of the apparent profit is, in this caſe too, real wages.

The

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The difference between the apparent profit of the retail and that of the wholeſale trade, is much leſs in the capital than in ſmall towns and country villages. Where ten thouſand pounds can be employed in the grocery trade, the wages of the grocer's labour make but a very trifling addition to the real profits of ſo great a ſtock. The apparent profits of the wealthy retailer, therefore, are there more nearly upon a level with thoſe of the wholeſale merchant. It is upon this account that goods ſold by retail are generally as cheap and frequently much cheaper in the capital than in ſmall towns and country villages. Grocery goods, for example, are generally much cheaper; bread and butcher's meat frequently as cheap. It coſts no more to bring grocery goods to the great town than to the country village; but it coſts a great deal more to bring corn and cattle, as the greater part of them muſt be brought from a much greater diſtance. The prime coſt of grocery goods, therefore, being the ſame in both places, they are cheapeſt where the leaſt profit is charged upon them. The prime coſt of bread and butcher's meat is greater in the great town than in the country village; and though the profit is leſs, therefore they are not always cheaper there, but often equally cheap. In ſuch articles as bread and butcher's meat, the ſame cauſe, which diminiſhes apparent profit, increaſes prime coſt. The extent of the market, by giving employment to greater ſtocks, diminiſhes apparent profit; but by requiring ſupplies from a greater diſtance, it increaſes

BOOK I. increaſes prime coſt. This diminution of the one and increaſe of the other ſeem, in moſt caſes, nearly to counter-balance one another; which is probably the reaſon that, though the prices of corn and cattle are commonly very different in different parts of the kingdom, thoſe of bread and butcher's meat are generally very nearly the ſame through the greater part of it.

Though the profits of ſtock both in the wholeſale and retail trade are generally leſs in the capital than in ſmall towns and country villages, yet great fortunes are frequently acquired from ſmall beginnings in the former, and ſcarce ever in the latter. In ſmall towns and country villages, on account of the narrowneſs of the market, trade cannot always be extended as ſtock extends. In ſuch places, therefore, though the rate of a particular perſon's profits may be very high, the ſum or amount of them can never be very great, nor conſequently that of his annual accumulation. In great towns, on the contrary, trade can be extended as ſtock increaſes, and the credit of a frugal and thriving man increaſes much faſter than his ſtock. His trade is extended in proportion to the amount of both, and the ſum or amount of his profits is in proportion to the extent of his trade, and his annual accumulation in proportion to the amount of his profits. It ſeldom happens, however, that great fortunes are made even in great towns by any one regular, eſtabliſhed, and well-known branch of buſineſs, but in conſequence of a long life of induſtry, frugality, and attention. Sudden fortunes, indeed,

indeed, are ſometimes made in ſuch places by what is called the trade of ſpeculation. The ſpeculative merchant exerciſes no one regular, eſtabliſhed, or well-known branch of buſineſs. He is a corn merchant this year, and a wine merchant the next, and a ſugar, tobacco, or tea merchant the year after. He enters into every trade when he foreſees that it is likely to be more than commonly profitable, and he quits it when he foreſees that its profits are likely to return to the level of other trades. His profits and loſſes, therefore, can bear no regular proportion to thoſe of any one eſtabliſhed and well-known branch of buſineſs. A bold adventurer may ſometimes acquire a conſiderable fortune by two or three ſucceſsful ſpeculations; but is juſt as likely to loſe one by two or three unſucceſsful ones. This trade can be carried on no where but in great towns. It is only in places of the moſt extenſive commerce and correſpondence that the intelligence requiſite for it can be had.

The five circumſtances above mentioned, though they occaſion conſiderable inequalities in the wages of labour and profits of ſtock, occaſion none in the whole of the advantages and diſadvantages, real or imaginary, of the different employments of either. The nature of thoſe circumſtances is ſuch, that they make up for a ſmall pecuniary gain in ſome, and counter-balance a great one in others.

In order, however, that this equality may take place in the whole of their advantages or diſadvantages, three things are requiſite even where

BOOK I. where there is the moſt perfect freedom. Firſt, the employments muſt be well known and long eſtabliſhed in the neighbourhood; ſecondly, they muſt be in their ordinary, or what may be called their natural ſtate; and, thirdly, they muſt be the ſole or principal employments of thoſe who occupy them.

Firſt, this equality can take place only in thoſe employments which are well known, and have been long eſtabliſhed in the neighbourhood.

Where all other circumſtances are equal, wages are generally higher in new than in old trades. When a projector attempts to eſtabliſh a new manufacture, he muſt at firſt entice his workmen from other employments by higher wages than they can either earn in their own trades, or than the nature of his work would otherwiſe require, and a conſiderable time muſt paſs away before he can venture to reduce them to the common level. Manufactures for which the demand ariſes altogether from faſhion and fancy, are continually changing, and ſeldom laſt long enough to be conſidered as old eſtabliſhed manufactures. Thoſe, on the contrary, for which the demand ariſes chiefly from uſe or neceſſity, are leſs liable to change, and the ſame form or fabric may continue in demand for whole centuries together. The wages of labour, therefore, are likely to be higher in manufactures of the former, than in thoſe of the latter kind. Birmingham deals chiefly in manufactures of the former kind; Sheffield in thoſe of the latter; and

and the wages of labour in thoſe two different places, are ſaid to be ſuitable to this difference in the nature of their manufactures.

The eſtabliſhment of any new manufacture, of any new branch of commerce, or of any new practice in agriculture, is always a ſpeculation, from which the projector promiſes himſelf extraordinary profits. Theſe profits ſometimes are very great, and ſometimes, more frequently, perhaps, they are quite otherwiſe; but in general they bear no regular proportion to thoſe of other old trades in the neighbourhood. If the project ſucceeds, they are commonly at firſt very high. When the trade or practice becomes thoroughly eſtabliſhed and well known, the competition reduces them to the level of other trades.

Secondly, This equality in the whole of the advantages and diſadvantages of the different employments of labour and ſtock, can take place only in the ordinary, or what may be called the natural ſtate of thoſe employments.

The demand for almoſt every different ſpecies of labour is ſometimes greater and ſometimes leſs than uſual. In the one caſe the advantages of the employment riſe above, in the other they fall below the common level. The demand for country labour is greater at hay-time and harveſt, than during the greater part of the year; and wages riſe with the demand. In time of war, when forty or fifty thouſand ſailors are forced from the merchant ſervice into that of the king, the demand for ſailors to merchant ſhips neceſſarily riſes with their ſcarcity, and their wages

BOOK I. upon such occasions commonly rise from a guinea and seven-and-twenty shillings, to forty shillings and three pounds a month. In a decaying manufacture, on the contrary, many workmen, rather than quit their old trade, are contented with smaller wages than would otherwise be suitable to the nature of their employment.

The profits of stock vary with the price of the commodities in which it is employed. As the price of any commodity rises above the ordinary or average rate, the profits of at least some part of the stock that is employed in bringing it to market, rise above their proper level, and as it falls they sink below it. All commodities are more or less liable to variations of price, but some are much more so than others. In all commodities which are produced by human industry, the quantity of industry annually employed is necessarily regulated by the annual demand, in such a manner that the average annual produce may, as nearly as possible, be equal to the average annual consumption. In some employments, it has already been observed, the same quantity of industry will always produce the same, or very nearly the same quantity of commodities. In the linen or woollen manufactures, for example, the same number of hands will annually work up very nearly the same quantity of linen and woollen cloth. The variations in the market price of such commodities, therefore, can arise only from some accidental variation in the demand. A public mourning raises the price of black cloth. But as the demand

mand for moſt ſorts of plain linen and woollen cloth is pretty uniform, ſo is likewiſe the price. But there are other employments in which the ſame quantity of induſtry will not always produce the ſame quantity of commodities. The ſame quantity of induſtry, for example, will, in different years, produce very different quantities of corn, wine, hops, ſugar, tobacco, &c. The price of ſuch commodities, therefore, varies not only with the variations of demand, but with the much greater and more frequent variations of quantity, and is conſequently extremely fluctuating. But the profit of ſome of the dealers muſt neceſſarily fluctuate with the price of the commodities. The operations of the ſpeculative merchant are principally employed about ſuch commodities. He endeavours to buy them up when he foreſees that their price is likely to riſe, and to ſell them when it is likely to fall.

CHAP. X.

Thirdly, This equality in the whole of the advantages and diſadvantages of the different employments of labour and ſtock, can take place only in ſuch as are the ſole or principal employments of thoſe who occupy them.

When a perſon derives his ſubſiſtence from one employment, which does not occupy the greater part of his time; in the intervals of his leiſure he is often willing to work at another for leſs wages than would otherwiſe ſuit the nature of the employment.

There ſtill ſubſiſts in many parts of Scotland a ſet of people called Cotters or Cottagers, though they were more frequent ſome years ago

BOOK I. than they are now. They are a ſort of out-ſervants of the landlords and farmers. The uſual reward which they receive from their maſters is a houſe, a ſmall garden for pot herbs, as much graſs as will feed a cow, and, perhaps, an acre or two of bad arable land. When their maſter has occaſion for their labour, he gives them, beſides, two pecks of oatmeal a week, worth about ſixteen pence ſterling. During a great part of the year he has little or no occaſion for their labour, and the cultivation of their own little poſſeſſion is not ſufficient to occupy the time which is left at their own diſpoſal. When ſuch occupiers were more numerous than they are at preſent, they are ſaid to have been willing to give their ſpare time for a very ſmall recompence to any body, and to have wrought for leſs wages than other labourers. In ancient times they ſeem to have been common all over Europe. In countries ill cultivated and worſe inhabited, the greater part of landlords and farmers could not otherwiſe provide themſelves with the extraordinary number of hands, which country labour requires at certain ſeaſons. The daily or weekly recompence which ſuch labourers occaſionally received from their maſters, was evidently not the whole price of their labour. Their ſmall tenement made a conſiderable part of it. This daily or weekly recompence, however, ſeems to have been conſidered as the whole of it, by many writers who have collected the prices of labour and proviſions in ancient times, and who have taken pleaſure in repreſenting both as wonderfully low.

The

The produce of ſuch labour comes frequently cheaper to market than would otherwiſe be ſuitable to its nature. Stockings in many parts of Scotland are knit much cheaper than they can any-where be wrought upon the loom. They are the work of ſervants and labourers, who derive the principal part of their ſubſiſtence from ſome other employment. More than a thouſand pair of Shetland ſtockings are annually imported into Leith, of which the price is from five pence to ſeven pence a pair. At Learwick, the ſmall capital of the Shetland iſlands, ten pence a day, I have been aſſured, is a common price of common labour. In the ſame iſlands they knit worſted ſtockings to the value of a guinea a pair and upwards.

The ſpinning of linen yarn is carried on in Scotland nearly in the ſame way as the knitting of ſtockings by ſervants who are chiefly hired for other purpoſes. They earn but a very ſcanty ſubſiſtence, who endeavour to get their whole livelihood by either of thoſe trades. In moſt parts of Scotland ſhe is a good ſpinner who can earn twenty pence a week.

In opulent countries the market is generally ſo extenſive, that any one trade is ſufficient to employ the whole labour and ſtock of thoſe who occupy it. Inſtances of people's living by one employment, and at the ſame time deriving ſome little advantage from another, occur chiefly in poor countries. The following inſtance, however, of ſomething of the ſame kind is to be found in the capital of a very rich one. There

BOOK I. is no city in Europe, I believe, in which houſe-rent is dearer than in London, and yet I know no capital in which a furniſhed apartment can be hired ſo cheap. Lodging is not only much cheaper in London than in Paris; it is much cheaper than in Edinburgh of the ſame degree of goodneſs; and what may ſeem extraordinary, the dearneſs of houſe-rent is the cauſe of the cheapneſs of lodging. The dearneſs of houſe-rent in London ariſes, not only from thoſe cauſes which render it dear in all great capitals, the dearneſs of labour, the dearneſs of all the materials of building, which muſt generally be brought from a great diſtance, and above all the dearneſs of ground-rent, every landlord acting the part of a monopoliſt, and frequently exacting a higher rent for a ſingle acre of bad land in a town, than can be had for a hundred of the beſt in the country; but it ariſes in part from the peculiar manners and cuſtoms of the people, which oblige every maſter of a family to hire a whole houſe from top to bottom. A dwelling-houſe in England means every thing that is contained under the ſame roof. In France, Scotland, and many other parts of Europe, it frequently means no more than a ſingle ſtory. A tradeſman in London is obliged to hire a whole houſe in that part of the town where his cuſtomers live. His ſhop is upon the ground-floor, and he and his family ſleep in the garret; and he endeavours to pay a part of his houſe-rent by letting the two middle ſtories to lodgers. He expects to maintain his family by his trade, and not

not by his lodgers. Whereas, at Paris and Edinburgh, the people who let lodgings have commonly no other means of ſubſiſtence; and the price of the lodging muſt pay, not only the rent of the houſe, but the whole expence of the family. CHAP. X.

PART II.

Inequalities occaſioned by the Policy of Europe.

SUCH are the inequalities in the whole of the advantages and diſadvantages of the different employments of labour and ſtock, which the defect of any of the three requiſites above-mentioned muſt occaſion, even where there is the moſt perfect liberty. But the policy of Europe, by not leaving things at perfect liberty, occaſions other inequalities of much greater importance.

It does this chiefly in the three following ways. Firſt, by reſtraining the competition in ſome employments to a ſmaller number than would otherwiſe be diſpoſed to enter into them; ſecondly, by increaſing it in others beyond what it naturally would be; and, thirdly, by obſtructing the free circulation of labour and ſtock, both from employment to employment and from place to place.

Firſt, The policy of Europe occaſions a very important inequality in the whole of the advantages and diſadvantages of the different employments of labour and ſtock, by reſtraining the

BOOK I. competition in ſome employments to a ſmaller number than might otherwiſe be diſpoſed to enter into them.

The excluſive privileges of corporations are the principal means it makes uſe of for this purpoſe.

The excluſive privilege of an incorporated trade neceſſarily reſtrains the competition, in the town where it is eſtabliſhed, to thoſe who are free of the trade. To have ſerved an apprenticeſhip in the town, under a maſter properly qualified, is commonly the neceſſary requiſite for obtaining this freedom. The bye-laws of the corporation regulate ſometimes the number of apprentices which any maſter is allowed to have, and almoſt always the number of years which each apprentice is obliged to ſerve. The intention of both regulations is to reſtrain the competition to a much ſmaller number than might otherwiſe be diſpoſed to enter into the trade. The limitation of the number of apprentices reſtrains it directly. A long term of apprenticeſhip reſtrains it more indirectly, but as effectually, by increaſing the expence of education.

In Sheffield no maſter cutler can have more than one apprentice at a time, by a bye-law of the corporation. In Norfolk and Norwich no maſter weaver can have more than two apprentices, under pain of forfeiting five pounds a month to the king. No maſter hatter can have more than two apprentices any-where in England, or in the Engliſh plantations, under pain of forfeiting five pounds a month, half to the king,

king, and half to him who ſhall ſue in any court of record. Both theſe regulations, though they have been confirmed by a public law of the kingdom, are evidently dictated by the ſame corporation ſpirit which enacted the bye-law of Sheffield. The ſilk weavers in London had ſcarce been incorporated a year, when they enacted a bye-law, reſtraining any maſter from having more than two apprentices at a time. It required a particular act of parliament to reſcind this bye-law. CHAP. X.

Seven years ſeem anciently to have been, all over Europe, the uſual term eſtabliſhed for the duration of apprenticeſhips in the greater part of incorporated trades. All ſuch incorporations were anciently called univerſities; which indeed is the proper Latin name for any incorporation whatever. The univerſity of ſmiths, the univerſity of taylors, &c. are expreſſions which we commonly meet with in the old charters of ancient towns. When thoſe particular incorporations which are now peculiarly called univerſities were firſt eſtabliſhed, the term of years which it was neceſſary to ſtudy, in order to obtain the degree of maſter of arts, appears evidently to have been copied from the term of apprenticeſhip in common trades, of which the incorporations were much more ancient. As to have wrought ſeven years under a maſter properly qualified, was neceſſary, in order to entitle any perſon to become a maſter, and to have himſelf apprentices in a common trade; ſo to have ſtudied ſeven years under a maſter properly qualified,

BOOK I. lified was neceſſary to entitle him to become a maſter, teacher, or doctor (words anciently ſynonimous) in the liberal arts, and to have ſcholars or apprentices (words likewiſe originally ſynonimous) to ſtudy under him.

By the 5th of Elizabeth, commonly called the Statute of Apprenticeſhip, it was enacted, that no perſon ſhould for the future exerciſe any trade, craft, or myſtery at that time exerciſed in England, unleſs he had previouſly ſerved to it an apprenticeſhip of ſeven years at leaſt; and what before had been the bye-law of many particular corporations, became in England the general and public law of all trades carried on in market towns. For though the words of the ſtatute are very general, and ſeem plainly to include the whole kingdom, by interpretation its operation has been limited to market towns, it having been held that in country villages a perſon may exerciſe ſeveral different trades, though he has not ſerved a ſeven years apprenticeſhip to each, they being neceſſary for the conveniency of the inhabitants, and the number of people frequently not being ſufficient to ſupply each with a particular ſet of hands.

By a ſtrict interpretation of the words too the operation of this ſtatute has been limited to thoſe trades which were eſtabliſhed in England before the 5th of Elizabeth, and has never been extended to ſuch as have been introduced ſince that time. This limitation has given occaſion to ſeveral diſtinctions which, conſidered as rules of police, appear as fooliſh as can well be imagined.

gined. It has been adjudged, for example, that a coach-maker can neither himſelf make nor employ journeymen to make his coach-wheels; but muſt buy them of a maſter wheel-wright; this latter trade having been exerciſed in England before the 5th of Elizabeth. But a wheel-wright, though he has never ſerved an apprenticeſhip to a coach-maker, may either himſelf make or employ journeymen to make coaches; the trade of a coach-maker not being within the ſtatute, becauſe not exerciſed in England at the time when it was made. The manufactures of Mancheſter, Birmingham, and Wolverhampton, are many of them, upon this account, not within the ſtatute; not having been exerciſed in England before the 5th of Elizabeth. CHAP. X.

In France, the duration of apprenticeſhips is different in different towns and in different trades. In Paris, five years is the term required in a great number; but before any perſon can be qualified to exerciſe the trade as a maſter, he muſt, in many of them, ſerve five years more as a journeyman. During this latter term he is called the companion of his maſter, and the term itſelf is called his companionſhip.

In Scotland there is no general law which regulates univerſally the duration of apprenticeſhips. The term is different in different corporations. Where it is long, a part of it may generally be redeemed by paying a ſmall fine. In moſt towns too a very ſmall fine is ſufficient to purchaſe the freedom of any corporation. The weavers of linen and hempen cloth, the principal manu-

BOOK I. manufactures of the country, as well as all other artificers ſubſervient to them, wheel-makers, reel-makers, &c. may exerciſe their trades in any town corporate without paying any fine. In all towns corporate all perſons are free to ſell butcher's meat upon any lawful day of the week. Three years is in Scotland a common term of apprenticeſhip, even in ſome very nice trades; and in general I know of no country in Europe in which corporation laws are ſo little oppreſſive.

The property which every man has in his own labour, as it is the original foundation of all other property, ſo it is the moſt ſacred and inviolable. The patrimony of a poor man lies in the ſtrength and dexterity of his hands; and to hinder him from employing this ſtrength and dexterity in what manner he thinks proper without injury to his neighbour, is a plain violation of this moſt ſacred property. It is a manifeſt encroachment upon the juſt liberty both of the workman, and of thoſe who might be diſpoſed to employ him. As it hinders the one from working at what he thinks proper, ſo it hinders the others from employing whom they think proper. To judge whether he is fit to be employed, may ſurely be truſted to the diſcretion of the employers whoſe intereſt it ſo much concerns. The affected anxiety of the law-giver leſt they ſhould employ an improper perſon, is evidently as impertinent as it is oppreſſive.

The inſtitution of long apprenticeſhips can give no ſecurity that inſufficient workmanſhip ſhall not frequently be expoſed to public ſale. When this

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is done it is generally the effect of fraud, and not of inability; and the longeſt apprenticeſhip can give no ſecurity againſt fraud. Quite different regulations are neceſſary to prevent this abuſe. The ſterling mark upon plate, and the ſtamps upon linen and woollen cloth, give the purchaſer much greater ſecurity than any ſtatute of apprenticeſhip. He generally looks at theſe, but never thinks it worth while to enquire whether the workmen had ſerved a ſeven years apprenticeſhip.

The inſtitution of long apprenticeſhips has no tendency to form young people to induſtry. A journeyman who works by the piece is likely to be induſtrious, becauſe he derives a benefit from every exertion of his induſtry. An apprentice is likely to be idle, and almoſt always is ſo, becauſe he has no immediate intereſt to be otherwiſe. In the inferior employments, the ſweets of labour conſiſt altogether in the recompence of labour. They who are ſooneſt in a condition to enjoy the ſweets of it, are likely ſooneſt to conceive a reliſh for it, and to acquire the early habit of induſtry. A young man naturally conceives an averſion to labour, when for a long time he receives no benefit from it. The boys who are put out apprentices from public charities are generally bound for more than the uſual number of years, and they generally turn out very idle and worthleſs.

Apprenticeſhips were altogether unknown to the ancients. The reciprocal duties of maſter and apprentice make a conſiderable article in every

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every modern code. The Roman law is perfectly ſilent with regard to them. I know no Greek or Latin word (I might venture, I believe, to aſſert that there is none) which expreſſes the idea we now annex to the word Apprentice, a ſervant bound to work at a particular trade for the benefit of a maſter, during a term of years, upon condition that the maſter ſhall teach him that trade.

Long apprenticeſhips are altogether unneceſſary. The arts, which are much ſuperior to common trades, ſuch as thoſe of making clocks and watches, contain no ſuch myſtery as to require a long courſe of inſtruction. The firſt invention of ſuch beautiful machines, indeed, and even that of ſome of the inſtruments employed in making them, muſt, no doubt, have been the work of deep thought and long time, and may juſtly be conſidered as among the happieſt efforts of human ingenuity. But when both have been fairly invented and are well underſtood, to explain to any young man, in the completeſt manner, how to apply the inſtruments and how to conſtruct the machines, cannot well require more than the leſſons of a few weeks: perhaps thoſe of a few days might be ſufficient. In the common mechanic trades, thoſe of a few days might certainly be ſufficient. The dexterity of hand, indeed, even in common trades, cannot be acquired without much practice and experience. But a young man would practiſe with much more diligence and attention, if from the beginning he wrought as a journeyman,

man, being paid in proportion to the little work which he could execute, and paying in his turn for the materials which he might ſometimes ſpoil through awkwardneſs and inexperience. His education would generally in this way be more effectual, and always leſs tedious and expenſive. The maſter, indeed, would be a loſer. He would loſe all the wages of the apprentice, which he now ſaves for ſeven years together. In the end, perhaps, the apprentice himſelf would be a loſer. In a trade ſo eaſily learnt he would have more competitors, and his wages, when he came to be a complete workman, would be much leſs than at preſent. The ſame increaſe of competition would reduce the profits of the maſters as well as the wages of the workmen. The trades, the crafts, the myſteries, would all be loſers. But the public would be a gainer, the work of all artificers coming in this way much cheaper to market. CHAP. X.

It is to prevent this reduction of price, and conſequently of wages and profit, by reſtraining that free competition which would moſt certainly occaſion it, that all corporations, and the greater part of corporation laws, have been eſtabliſhed. In order to erect a corporation, no other authority in ancient times was requiſite in many parts of Europe, but that of the town corporate in which it was eſtabliſhed. In England, indeed, a charter from the king was likewiſe neceſſary. But this prerogative of the crown ſeems to have been reſerved rather for extorting money from the ſubject, than for the defence of the common

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liberty againſt ſuch oppreſſive monopolies. Upon paying a fine to the king, the charter ſeems generally to have been readily granted; and when any particular claſs of artificers or traders thought proper to act as a corporation without a charter, ſuch adulterine guilds, as they were called, were not always disfranchiſed upon that account, but obliged to fine annually to the king for permiſſion to exerciſe their uſurped privileges *. The immediate inſpection of all corporations, and of the bye-laws which they might think proper to enact for their own government, belonged to the town corporate in which they were eſtabliſhed; and whatever diſcipline was exerciſed over them, proceeded commonly, not from the king, but from that greater incorporation of which thoſe ſubordinate ones were only parts or members.

The government of towns corporate was altogether in the hands of traders and artificers; and it was the manifeſt intereſt of every particular claſs of them, to prevent the market from being overſtocked, as they commonly expreſs it, with their own particular ſpecies of induſtry; which is in reality to keep it always under-ſtocked. Each claſs was eager to eſtabliſh regulations proper for this purpoſe, and, provided it was allowed to do ſo, was willing to conſent that every other claſs ſhould do the ſame. In conſequence of ſuch regulations, indeed, each claſs was obliged to buy the goods they had occaſion for

* See Madox Firma Burgi, p. 26, &c.

from every other within the town, ſomewhat dearer than they otherwiſe might have done. But in recompence, they were enabled to ſell their own juſt as much dearer; ſo that ſo far it was as broad as long, as they ſay; and in the dealings of the different claſſes within the town with one another, none of them were loſers by theſe regulations. But in their dealings with the country they were all great gainers; and in theſe latter dealings conſiſts the whole trade which ſupports and enriches every town.

Every town draws its whole ſubſiſtence, and all the materials of its induſtry, from the country. It pays for theſe chiefly in two ways: firſt, by ſending back to the country a part of thoſe materials wrought up and manufactured; in which caſe their price is augmented by the wages of the workmen, and the profits of their maſters or immediate employers: ſecondly, by ſending to it a part both of the rude and manufactured produce, either of other countries, or of diſtant parts of the ſame country, imported into the town: in which caſe too the original price of thoſe goods is augmented by the wages of the carriers or ſailors, and by the profits of the merchants who employ them. In what is gained upon the firſt of thoſe two branches of commerce, conſiſts the advantage which the town makes by its manufactures; in what is gained upon the ſecond, the advantage of its inland and foreign trade. The wages of the workmen, and the profits of their different employers, make up the whole of what is gained upon both. What-

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ever regulations, therefore, tend to increaſe thoſe wages and profits beyond what they otherwiſe would be, tend to enable the town to purchaſe, with a ſmaller quantity of its labour, the produce of a greater quantity of the labour of the country. They give the traders and artificers in the town an advantage over the landlords, farmers, and labourers in the country, and break down that natural equality which would otherwiſe take place in the commerce which is carried on between them. The whole annual produce of the labour of the ſociety is annually divided between thoſe two different ſets of people. By means of thoſe regulations a greater ſhare of it is given to the inhabitants of the town than would otherwiſe fall to them; and a leſs to thoſe of the country.

The price which the town really pays for the proviſions and materials annually imported into it, is the quantity of manufactures and other goods annually exported from it. The dearer the latter are ſold, the cheaper the former are bought. The induſtry of the town becomes more, and that of the country leſs advantageous.

That the induſtry which is carried on in towns is, every-where in Europe, more advantageous than that which is carried on in the country, without entering into any very nice computations, we may ſatisfy ourſelves by one very ſimple and obvious obſervation. In every country of Europe we find, at leaſt, a hundred people who have acquired great fortunes from ſmall begin-

beginnings by trade and manufactures, the induſtry which properly belongs to towns, for one who has done ſo by that which properly belongs to the country, the raiſing of rude produce by the improvement and cultivation of land. Induſtry, therefore, muſt be better rewarded, the wages of labour and the profits of ſtock muſt evidently be greater in the one ſituation than in the other. But ſtock and labour naturally ſeek the moſt advantageous employment. They naturally, therefore, reſort as much as they can to the town, and deſert the country.

The inhabitants of a town, being collected into one place, can eaſily combine together. The moſt inſignificant trades carried on in towns have accordingly, in ſome place or other, been incorporated; and even where they have never been incorporated, yet the corporation ſpirit, the jealouſy of ſtrangers, the averſion to take apprentices, or to communicate the ſecret of their trade, generally prevail in them, and often teach them, by voluntary aſſociations and agreements, to prevent that free competition which they cannot prohibit, by bye-laws. The trades which employ but a ſmall number of hands, run moſt eaſily into ſuch combinations. Half a dozen wool-combers, perhaps, are neceſſary to keep a thouſand ſpinners and weavers at work. By combining not to take apprentices they can not only engroſs the employment, but reduce the whole manufacture into a ſort of ſlavery to themſelves, and raiſe the price of their labour much above what is due to the nature of their work.

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The inhabitants of the country, diſperſed in diſtant places, cannot eaſily combine together. They have not only never been incorporated, but the corporation ſpirit never has prevailed among them. No apprenticeſhip has ever been thought neceſſary to qualify for huſbandry, the great trade of the country. After what are called the fine arts, and the liberal profeſſions, however, there is perhaps no trade which requires ſo great a variety of knowledge and experience. The innumerable volumes which have been written upon it in all languages, may ſatisfy us, that, among the wiſeſt and moſt learned nations, it has never been regarded as a matter very eaſily underſtood. And from all thoſe volumes we ſhall in vain attempt to collect that knowledge of its various and complicated operations, which is commonly poſſeſſed even by the common farmer; how contemptuouſly ſoever the very contemptible authors of ſome of them may ſometimes affect to ſpeak of him. There is ſcarce any common mechanic trade, on the contrary, of which all the operations may not be as completely and diſtinctly explained in a pamphlet of a very few pages, as it is poſſible for words illuſtrated by figures to explain them. In the hiſtory of the arts, now publiſhing by the French academy of ſciences, ſeveral of them are actually explained in this manner. The direction of operations, beſides, which muſt be varied with every change of the weather, as well as with many other accidents, requires much more judgment and diſcretion, than that of thoſe which

which are always the ſame or very nearly the ſame.

Not only the art of the farmer, the general direction of the operations of huſbandry, but many inferior branches of country labour, require much more ſkill and experience than the greater part of mechanic trades. The man who works upon braſs and iron, works with inſtruments and upon materials of which the temper is always the ſame, or very nearly the ſame. But the man who ploughs the ground with a team of horſes or oxen, works with inſtruments of which the health, ſtrength, and temper, are very different upon different occaſions. The condition of the materials which he works upon too is as variable as that of the inſtruments which he works with, and both require to be managed with much judgment and diſcretion. The common ploughman, though generally regarded as the pattern of ſtupidity and ignorance, is ſeldom defective in this judgment and diſcretion. He is leſs accuſtomed, indeed, to ſocial intercourſe than the mechanic who lives in a town. His voice and language are more uncouth and more difficult to be underſtood by thoſe who are not uſed to them. His underſtanding, however, being accuſtomed to conſider a greater variety of objects, is generally much ſuperior to that of the other, whoſe whole attention from morning till night is commonly occupied in performing one or two very ſimple operations. How much the lower ranks of people in the country are really ſuperior to thoſe of the town, is well known to every man whom either buſineſs or curioſity has

BOOK I. led to converſe much with both. In China and Indoſtan accordingly both the rank and the wages of country labourers are ſaid to be ſuperior to thoſe of the greater part of artificers and manufacturers. They would probably be ſo every-where, if corporation laws and the corporation ſpirit did not prevent it.

The ſuperiority which the induſtry of the towns has every-where in Europe over that of the country, is not altogether owing to corporations, and corporation laws. It is ſupported by many other regulations. The high duties upon foreign manufactures and upon all goods imported by alien merchants, all tend to the ſame purpoſe. Corporation laws enable the inhabitants of towns to raiſe their prices, without fearing to be under-ſold by the free competition of their own countrymen. Thoſe other regulations ſecure them equally againſt that of foreigners. The enhancement of price occaſioned by both is every-where finally paid by the landlords, farmers, and labourers of the country, who have ſeldom oppoſed the eſtabliſhment of ſuch monopolies. They have commonly neither inclination nor fitneſs to enter into combinations; and the clamour and ſophiſtry of merchants and manufacturers eaſily perſuade them that the private intereſt of a part, and of a ſubordinate part of the ſociety, is the general intereſt of the whole.

In Great Britain the ſuperiority of the induſtry of the towns over that of the country ſeems to have been greater formerly than in the preſent times. The wages of country labour approach nearer

nearer to thoſe of manufacturing labour, and the profits of ſtock employed in agriculture to thoſe of trading and manufacturing ſtock, than they are ſaid to have done in the laſt century, or in the beginning of the preſent. This change may be regarded as the neceſſary, though very late conſequence of the extraordinary encouragement given to the induſtry of the towns. The ſtock accumulated in them comes in time to be ſo great, that it can no longer be employed with the ancient profit in that ſpecies of induſtry which is peculiar to them. That induſtry has its limits like every other; and the increaſe of ſtock, by increaſing the competition, neceſſarily reduces the profit. The lowering of profit in the town forces out ſtock to the country, where, by creating a new demand for country labour, it neceſſarily raiſes its wages. It then ſpreads itſelf, if I may ſay ſo, over the face of the land, and by being employed in agriculture is in part reſtored to the country, at the expence of which, in a great meaſure, it had originally been accumulated in the town. That everywhere in Europe the greateſt improvements of the country have been owing to ſuch overflowings of the ſtock originally accumulated in the towns, I ſhall endeavour to ſhow hereafter; and at the ſame time to demonſtrate, that though ſome countries have by this courſe attained to a conſiderable degree of opulence, it is in itſelf neceſſarily ſlow, uncertain, liable to be diſturbed and interrupted by innumerable accidents, and in every reſpect contrary to the order of nature

BOOK I. and of reaſon. The intereſts, prejudices, laws and cuſtoms which have given occaſion to it, I ſhall endeavour to explain as fully and diſtinctly as I can in the third and fourth books of this inquiry.

People of the ſame trade ſeldom meet together, even for merriment and diverſion, but the converſation ends in a conſpiracy againſt the public, or in ſome contrivance to raiſe prices. It is impoſſible indeed to prevent ſuch meetings, by any law which either could be executed, or would be conſiſtent with liberty and juſtice. But though the law cannot hinder people of the ſame trade from ſometimes aſſembling together, it ought to do nothing to facilitate ſuch aſſemblies; much leſs to render them neceſſary.

A regulation which obliges all thoſe of the ſame trade in a particular town to enter their names and places of abode in a public regiſter, facilitates ſuch aſſemblies. It connects individuals who might never otherwiſe be known to one another, and gives every man of the trade a direction where to find every other man of it.

A regulation which enables thoſe of the ſame trade to tax themſelves in order to provide for their poor, their ſick, their widows and orphans, by giving them a common intereſt to manage, renders ſuch aſſemblies neceſſary.

An incorporation not only renders them neceſſary, but makes the act of the majority binding upon the whole. In a free trade an effectual combination cannot be eſtabliſhed but by the unanimous conſent of every ſingle trader, and it cannot

cannot laſt longer than every ſingle trader continues of the ſame mind. The majority of a corporation can enact a bye-law with proper penalties, which will limit the competition more effectually and more durably than any voluntary combination whatever.

The pretence that corporations are neceſſary for the better government of the trade, is without any foundation. The real and effectual diſcipline which is exerciſed over a workman, is not that of his corporation, but that of his cuſtomers. It is the fear of loſing their employment which reſtrains his frauds and corrects his negligence. An excluſive corporation neceſſarily weakens the force of this diſcipline. A particular ſet of workmen muſt then be employed, let them behave well or ill. It is upon this account, that in many large incorporated towns no tolerable workmen are to be found, even in ſome of the moſt neceſſary trades. If you would have your work tolerably executed, it muſt be done in the ſuburbs, where the workmen, having no excluſive privilege, have nothing but their character to depend upon, and you muſt then ſmuggle it into the town as well as you can.

It is in this manner that the policy of Europe, by reſtraining the competition in ſome employments to a ſmaller number than would otherwiſe be diſpoſed to enter into them, occaſions a very important inequality in the whole of the advantages and diſadvantages of the different employments of labour and ſtock.

Secondly,

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Secondly, The policy of Europe, by increaſing the competition in ſome employments beyond what it naturally would be, occaſions another inequality of an oppoſite kind in the whole of the advantages and diſadvantages of the different employments of labour and ſtock.

It has been conſidered as of ſo much importance that a proper number of young people ſhould be educated for certain profeſſions, that, ſometimes the public, and ſometimes the piety of private founders have eſtabliſhed many penſions, ſcholarſhips, exhibitions, burſaries, &c. for this purpoſe, which draw many more people into thoſe trades than could otherwiſe pretend to follow them. In all chriſtian countries, I believe, the education of the greater part of churchmen is paid for in this manner. Very few of them are educated altogether at their own expence. The long, tedious and expenſive education, therefore, of thoſe who are, will not always procure them a ſuitable reward, the church being crowded with people who, in order to get employment, are willing to accept of a much ſmaller recompence than what ſuch an education would otherwiſe have entitled them to; and in this manner the competition of the poor takes away the reward of the rich. It would be indecent, no doubt, to compare either a curate or a chaplain with a journeyman in any common trade. The pay of a curate or chaplain, however, may very properly be conſidered as of the ſame nature with the wages of a journeyman. They are, all three, paid for their work according to the con-

tract which they may happen to make with their reſpective ſuperiors. Till after the middle of the fourteenth century, five merks, containing about as much ſilver as ten pounds of our preſent money, was in England the uſual pay of a curate or a ſtipendiary pariſh prieſt, as we find it regulated by the decrees of ſeveral different national councils. At the ſame period four pence a day, containing the ſame quantity of ſilver as a ſhilling of our preſent money, was declared to be the pay of a maſter maſon, and three pence a day, equal to nine pence of our preſent money, that of a journeyman maſon *. The wages of both theſe labourers, therefore, ſuppoſing them to have been conſtantly employed, were much ſuperior to thoſe of the curate. The wages of the maſter maſon, ſuppoſing him to have been without employment one third of the year, would have fully equalled them. By the 12th of Queen Anne, c. 12, it is declared, "That whereas for "want of ſufficient maintenance and encouragement to curates, the cures have in ſeveral "places been meanly ſupplied, the biſhop is, "therefore, empowered to appoint by writing "under his hand and ſeal a ſufficient certain "ſtipend or allowance, not exceeding fifty and "not leſs than twenty pounds a year." Forty pounds a year is reckoned at preſent very good pay for a curate, and notwithſtanding this act of parliament, there are many curacies under twenty pounds a year. There are

* See the Statute of labourers, 25 Ed. III.

journeymen

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journeymen ſhoe-makers in London who earn forty pounds a year, and there is ſcarce an induſtrious workman of any kind in that metropolis who does not earn more than twenty. This laſt ſum indeed does not exceed what is frequently earned by common labourers in many country pariſhes. Whenever the law has attempted to regulate the wages of workmen, it has always been rather to lower them than to raiſe them. But the law has upon many occaſions attempted to raiſe the wages of curates, and for the dignity of the church, to oblige the rectors of pariſhes to give them more than the wretched maintenance which they themſelves might be willing to accept of. And in both caſes the law ſeems to have been equally ineffectual, and has never either been able to raiſe the wages of curates, or to ſink thoſe of labourers to the degree that was intended; becauſe it has never been able to hinder either the one from being willing to accept of leſs than the legal allowance, on account of the indigence of their ſituation and the multitude of their competitors; or the other from receiving more, on account of the contrary competition of thoſe who expected to derive either profit or pleaſure from employing them.

The great benefices and other eccleſiaſtical dignities ſupport the honour of the church, notwithſtanding the mean circumſtances of ſome of its inferior members. The reſpect paid to the profeſſion too makes ſome compenſation even to them for the meanneſs of their pecuniary recom-

recompence. In England, and in all Roman Catholic countries, the lottery of the church is in reality much more advantageous than is neceſſary. The example of the churches of Scotland, of Geneva, and of ſeveral other proteſtant churches, may ſatisfy us, that in ſo creditable a profeſſion, in which education is ſo eaſily procured, the hopes of much more moderate benefices will draw a ſufficient number of learned, decent, and reſpectable men into holy orders.

In profeſſions in which there are no benefices, ſuch as law and phyſic, if an equal proportion of people were educated at the public expence, the competition would ſoon be ſo great, as to ſink very much their pecuniary reward. It might then not be worth any man's while to educate his ſon to either of thoſe profeſſions at his own expence. They would be entirely abandoned to ſuch as had been educated by thoſe public charities, whoſe numbers and neceſſities would oblige them in general to content themſelves with a very miſerable recompence, to the entire degradation of the now reſpectable profeſſions of law and phyſic.

That unproſperous race of men commonly called men of letters, are pretty much in the ſituation which lawyers and phyſicians probably would be in upon the foregoing ſuppoſition. In every part of Europe the greater part of them have been educated for the church, but have been hindered by different reaſons from entering into holy orders. They have generally, therefore, been educated at the public expence, and their

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their numbers are every-where ſo great as commonly to reduce the price of their labour to a very paultry recompence.

Before the invention of the art of printing, the only employment by which a man of letters could make any thing by his talents, was that of a public or private teacher, or by communicating to other people the curious and uſeful knowledge which he had acquired himſelf: And this is ſtill ſurely a more honourable, a more uſeful, and in general even a more profitable employment than that other of writing for a bookſeller, to which the art of printing has given occaſion. The time and ſtudy, the genius, knowledge, and application requiſite to qualify an eminent teacher of the ſciences, are at leaſt equal to what is neceſſary for the greateſt practitioners in law and phyſic. But the uſual reward of the eminent teacher bears no proportion to that of the lawyer or phyſician; becauſe the trade of the one is crowded with indigent people who have been brought up to it at the public expence; whereas thoſe of the other two are incumbered with very few who have not been educated at their own. The uſual recompence, however, of public and private teachers, ſmall as it may appear, would undoubtedly be leſs than it is, if the competition of thoſe yet more indigent men of letters who write for bread was not taken out of the market. Before the invention of the art of printing, a ſcholar and a beggar ſeem to have been terms very nearly ſynonymous. The different governors of the univerſities before that time

time appear to have often granted licences to their ſcholars to beg.

In ancient times, before any charities of this kind had been eſtabliſhed for the education of indigent people to the learned profeſſions, the rewards of eminent teachers appear to have been much more conſiderable. Iſocrates, in what is called his diſcourſe againſt the ſophiſts, reproaches the teachers of his own times with inconſiſtency. "They make the moſt magnificent promiſes to their ſcholars, ſays he, and undertake to teach them to be wiſe, to be happy, and to be juſt, and in return for ſo important a ſervice they ſtipulate the paultry reward of four or five minæ. They who teach wiſdom, continues he, ought certainly to be wiſe themſelves; but if any man were to ſell ſuch a bargain for ſuch a price, he would be convicted of the moſt evident folly." He certainly does not mean here to exaggerate the reward, and we may be aſſured that it was not leſs than he repreſents it. Four minæ were equal to thirteen pounds ſix ſhillings and eight pence: five minæ to ſixteen pounds thirteen ſhillings and four pence. Something not leſs than the largeſt of thoſe two ſums, therefore, muſt at that time have been uſually paid to the moſt eminent teachers at Athens. Iſocrates himſelf demanded ten minæ, or thirty-three pounds ſix ſhillings and eight pence, from each ſcholar. When he taught at Athens, he is ſaid to have had an hundred ſcholars. I underſtand this to be the number whom he taught at one time, or who attended what we would call

one

BOOK I. one courſe of lectures, a number which will not appear extraordinary from ſo great a city to ſo famous a teacher, who taught too what was at that time the moſt faſhionable of all ſciences, rhetoric. He muſt have made, therefore, by each courſe of lectures, a thouſand minæ, or 3,333*l.* 6*s.* 8*d.* A thouſand minæ, accordingly, is ſaid by Plutarch in another place, to have been his Didactron, or uſual price of teaching. Many other eminent teachers in thoſe times appear to have acquired great fortunes. Gorgias made a preſent to the temple of Delphi of his own ſtatue in ſolid gold. We muſt not, I preſume, ſuppoſe that it was as large as the life. His way of living, as well as that of Hippias and Protagoras, two other eminent teachers of thoſe times, is repreſented by Plato as ſplendid even to oſtentation. Plato himſelf is ſaid to have lived with a good deal of magnificence. Ariſtotle, after having been tutor to Alexander, and moſt munificently rewarded, as it is univerſally agreed, both by him and his father Philip, thought it worth while, notwithſtanding, to return to Athens, in order to reſume the teaching of his ſchool. Teachers of the ſciences were probably in thoſe times leſs common than they came to be in an age or two afterwards, when the competition had probably ſomewhat reduced both the price of their labour and the admiration for their perſons. The moſt eminent of them, however, appear always to have enjoyed a degree of conſideration much ſuperior to any of the like profeſſion in the preſent times. The Athenians

ſent Carneades the academic, and Diogenes the ſtoic, upon a ſolemn embaſſy to Rome; and though their city had then declined from its former grandeur, it was ſtill an independent and conſiderable republic. Carneades too was a Babylonian by birth, and as there never was a people more jealous of admitting foreigners to public offices than the Athenians, their conſideration for him muſt have been very great.

This inequality is upon the whole, perhaps, rather advantageous than hurtful to the public. It may ſomewhat degrade the profeſſion of a public teacher; but the cheapneſs of literary education is ſurely an advantage which greatly over-balances this trifling inconveniency. The public too might derive ſtill greater benefit from it, if the conſtitution of thoſe ſchools and colleges, in which education is carried on, was more reaſonable than it is at preſent through the greater part of Europe.

Thirdly, The policy of Europe, by obſtructing the free circulation of labour and ſtock both from employment to employment, and from place to place, occaſions in ſome caſes a very inconvenient inequality in the whole of the advantages and diſadvantages of their different employments.

The ſtatute of apprenticeſhip obſtructs the free circulation of labour from one employment to another, even in the ſame place. The exclusive privileges of corporations obſtruct it from one place to another, even in the ſame employment.

BOOK I. It frequently happens that while high wages are given to the workmen in one manufacture, thoſe in another are obliged to content themſelves with bare ſubſiſtence. The one is in an advancing ſtate, and has therefore a continual demand for new hands: the other is in a declining ſtate, and the ſuperabundance of hands is continually increaſing. Thoſe two manufactures may ſometimes be in the ſame town, and ſometimes in the ſame neighbourhood, without being able to lend the leaſt aſſiſtance to one another. The ſtatute of apprenticeſhip may oppoſe it in the one caſe, and both that and an excluſive corporation in the other. In many different manufactures, however, the operations are ſo much alike, that the workmen could eaſily change trades with one another, if thoſe abſurd laws did not hinder them. The arts of weaving plain linen and plain ſilk, for example, are almoſt entirely the ſame. That of weaving plain woollen is ſomewhat different; but the difference is ſo inſignificant, that either a linen or a ſilk weaver might become a tolerable workman in a very few days. If any of thoſe three capital manufactures, therefore, were decaying, the workmen might find a reſource in one of the other two which was in a more proſperous condition; and their wages would neither riſe too high in the thriving, nor ſink too low in the decaying manufacture. The linen manufacture indeed is, in England, by a particular ſtatute, open to every body; but as it is not much cultivated through the greater part of the country,

it can afford no general reſource to the workmen of other decaying manufactures, who, wherever the ſtatute of apprenticeſhip takes place, have no other choice but either to come upon the pariſh, or to work as common labourers, for which, by their habits, they are much worſe qualified than for any ſort of manufacture that bears any reſemblance to their own. They generally, therefore, chuſe to come upon the pariſh.

Whatever obſtructs the free circulation of labour from one employment to another, obſtructs that of ſtock likewiſe; the quantity of ſtock which can be employed in any branch of buſineſs depending very much upon that of the labour which can be employed in it. Corporation laws, however, give leſs obſtruction to the free circulation of ſtock from one place to another than to that of labour. It is every where much eaſier for a wealthy merchant to obtain the privilege of trading in a town corporate, than for a poor artificer to obtain that of working in it.

The obſtruction which corporation laws give to the free circulation of labour is common, I believe, to every part of Europe. That which is given to it by the poor laws is, ſo far as I know, peculiar to England. It conſiſts in the difficulty which a poor man finds in obtaining a ſettlement, or even in being allowed to exerciſe his induſtry in any pariſh but that to which he belongs. It is the labour of artificers and manufacturers only of which the free circulation is obſtructed by corporation laws. The difficulty

BOOK I. of obtaining ſettlements obſtructs even that of common labour. It may be worth while to give ſome account of the riſe, progreſs, and preſent ſtate of this diſorder, the greateſt perhaps of any in the police of England.

When by the deſtruction of monaſteries the poor had been deprived of the charity of thoſe religious houſes, after ſome other ineffectual attempts for their relief, it was enacted by the 43d of Elizabeth, c. 2. that every pariſh ſhould be bound to provide for its own poor; and that overſeers of the poor ſhould be annually appointed, who, with the churchwardens, ſhould raiſe, by a pariſh rate, competent ſums for this purpoſe.

By this ſtatute the neceſſity of providing for their own poor was indiſpenſably impoſed upon every pariſh. Who were to be conſidered as the poor of each pariſh, became, therefore, a queſtion of ſome importance. This queſtion, after ſome variation, was at laſt determined by the 13th and 14th of Charles II. when it was enacted, that forty days undiſturbed reſidence ſhould gain any perſon a ſettlement in any pariſh; but that within that time it ſhould be lawful for two juſtices of the peace, upon complaint made by the churchwardens or overſeers of the poor, to remove any new inhabitant to the pariſh where he was laſt legally ſettled; unleſs he either rented a tenement of ten pounds a year, or could give ſuch ſecurity for the diſcharge of the pariſh where he was then living, as thoſe juſtices ſhould judge ſufficient.

Some

Some frauds, it is ſaid, were committed in conſequence of this ſtatute; pariſh officers ſometimes bribing their own poor to go clandeſtinely to another pariſh, and by keeping themſelves concealed for forty days to gain a ſettlement there, to the diſcharge of that to which they properly belonged. It was enacted, therefore, by the 1ſt of James II. that the forty days undiſturbed reſidence of any perſon neceſſary to gain a ſettlement, ſhould be accounted only from the time of his delivering notice in writing, of the place of his abode and the number of his family, to one of the churchwardens or overſeers of the pariſh where he came to dwell. CHAP. X.

But pariſh officers, it ſeems, were not always more honeſt with regard to their own, than they had been with regard to other pariſhes, and ſometimes connived at ſuch intruſions, receiving the notice, and taking no proper ſteps in conſequence of it. As every perſon in a pariſh, therefore, was ſuppoſed to have an intereſt to prevent as much as poſſible their being burdened by ſuch intruders, it was further enacted by the 3d William III. that the forty days reſidence ſhould be accounted only from the publication of ſuch notice in writing on Sunday in the church, immediately after divine ſervice.

"After all," ſays Doctor Burn, "this kind "of ſettlement, by continuing forty days after "publication of notice in writing, is very ſel-"dom obtained; and the deſign of the acts is "not ſo much for gaining of ſettlements, as for "the avoiding of them by perſons coming into

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"a parish clandestinely: for the giving of notice is only putting a force upon the parish "to remove. But if a person's situation is "such, that it is doubtful whether he is actually removable or not, he shall by giving of "notice compel the parish either to allow him "a settlement uncontested, by suffering him to "continue forty days; or, by removing him, "to try the right."

This statute, therefore, rendered it almost impracticable for a poor man to gain a new settlement in the old way, by forty days inhabitancy. But that it might not appear to preclude altogether the common people of one parish from ever establishing themselves with security in another, it appointed four other ways by which a settlement might be gained without any notice delivered or published. The first was, by being taxed to parish rates and paying them; the second, by being elected into an annual parish office, and serving in it a year; the third, by serving an apprenticeship in the parish; the fourth, by being hired into service there for a year, and continuing in the same service during the whole of it.

Nobody can gain a settlement by either of the two first ways, but by the public deed of the whole parish, who are too well aware of the consequences to adopt any new-comer who has nothing but his labour to support him, either by taxing him to parish rates, or by electing him into a parish office.

No

No married man can well gain any ſettlement in either of the two laſt ways. An apprentice is ſcarce ever married; and it is expreſsly enacted, that no married ſervant ſhall gain any ſettlement by being hired for a year. The principal effect of introducing ſettlement by ſervice, has been to put out in a great meaſure the old faſhion of hiring for a year, which before had been ſo cuſtomary in England, that even at this day, if no particular term is agreed upon, the law intends that every ſervant is hired for a year. But maſters are not always willing to give their ſervants a ſettlement by hiring them in this manner; and ſervants are not always willing to be ſo hired, becauſe, as every laſt ſettlement diſcharges all the foregoing, they might thereby loſe their original ſettlement in the places of their nativity, the habitation of their parents and relations.

No independent workman, it is evident, whether labourer or artificer, is likely to gain any new ſettlement either by apprenticeſhip or by ſervice. When ſuch a perſon, therefore, carried his induſtry to a new pariſh, he was liable to be removed, how healthy and induſtrious ſoever, at the caprice of any churchwarden or overſeer, unleſs he either rented a tenement of ten pounds a year, a thing impoſſible for one who has nothing but his labour to live by; or could give ſuch ſecurity for the diſcharge of the pariſh as two juſtices of the peace ſhould judge ſufficient. What ſecurity they ſhall require, indeed, is left altogether to their diſcretion; but they cannot well require leſs than thirty pounds, it having

BOOK I. been enacted, that the purchaſe even of a freehold eſtate of leſs than thirty pounds value, ſhall not gain any perſon a ſettlement, as not being ſufficient for the diſcharge of the pariſh. But this is a ſecurity which ſcarce any man who lives by labour can give; and much greater ſecurity is frequently demanded.

In order to reſtore in ſome meaſure that free circulation of labour which thoſe different ſtatutes had almoſt entirely taken away, the invention of certificates was fallen upon. By the 8th and 9th of William III. it was enacted, that if any perſon ſhould bring a certificate from the pariſh where he was laſt legally ſettled, ſubſcribed by the churchwardens and overſeers of the poor, and allowed by two juſtices of the peace, that every other pariſh ſhould be obliged to receive him; that he ſhould not be removeable merely upon account of his being likely to become chargeable, but only upon his becoming actually chargeable, and that then the pariſh which granted the certificate ſhould be obliged to pay the expence both of his maintenance and of his removal. And in order to give the moſt perfect ſecurity to the pariſh where ſuch certificated man ſhould come to reſide, it was further enacted by the ſame ſtatute, that he ſhould gain no ſettlement there by any means whatever, except either by renting a tenement of ten pounds a year, or by ſerving upon his own account in an annual pariſh office for one whole year; and conſequently neither by notice, nor by ſervice, nor by apprenticeſhip, nor by paying pariſh rates. By

the 12th of Queen Anne too, ſtat. 1. c. 18. it was further enacted, that neither the ſervants nor apprentices of ſuch certificated man ſhould gain any ſettlement in the pariſh where he reſided under ſuch certificate. CHAP. X.

How far this invention has reſtored that free circulation of labour which the preceding ſtatutes had almoſt entirely taken away, we may learn from the following very judicious obſervation of Doctor Burn. "It is obvious," ſays he, "that "there are divers good reaſons for requiring "certificates with perſons coming to ſettle in "any place; namely, that perſons reſiding un- "der them can gain no ſettlement, neither by "apprenticeſhip, nor by ſervice, nor by giving "notice, nor by paying pariſh rates; that they "can ſettle neither apprentices nor ſervants; "that if they become chargeable, it is certainly "known whither to remove them, and the "pariſh ſhall be paid for the removal, and for "their maintenance in the mean time; and "that if they fall ſick, and cannot be removed, "the pariſh which gave the certificate muſt "maintain them: none of all which can be "without a certificate. Which reaſons will "hold proportionably for pariſhes not granting "certificates in ordinary caſes; for it is far "more than an equal chance, but that they will "have the certificated perſons again, and in a "worſe condition." The moral of this obſervation ſeems to be, that certificates ought always to be required by the pariſh where any poor man comes to reſide, and that they ought very ſeldom to

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to be granted by that which he propoſes to leave. "There is ſomewhat of hardſhip in this matter "of certificates," ſays the ſame very intelligent Author, in his Hiſtory of the Poor Laws, "by "putting it in the power of a pariſh officer, to "impriſon a man as it were for life; however "inconvenient it may be for him to continue at "that place where he has had the misfortune to "acquire what is called a ſettlement, or what-"ever advantage he may propoſe to himſelf by "living elſewhere."

Though a certificate carries along with it no teſtimonial of good behaviour, and certifies nothing but that the perſon belongs to the pariſh to which he really does belong, it is altogether diſcretionary in the pariſh officers either to grant or to refuſe it. A mandamus was once moved for, ſays Doctor Burn, to compel the churchwardens and overſeers to ſign a certificate; but the court of King's Bench rejected the motion as a very ſtrange attempt.

The very unequal price of labour which we frequently find in England in places at no great diſtance from one another, is probably owing to the obſtruction which the law of ſettlements gives to a poor man who would carry his induſtry from one pariſh to another without a certificate. A ſingle man, indeed, who is healthy and induſtrious, may ſometimes reſide by ſufferance without one; but a man with a wife and family who ſhould attempt to do ſo, would in moſt pariſhes be ſure of being removed, and if the ſingle man ſhould afterwards marry, he would generally be removed

removed likewiſe. The ſcarcity of hands in one pariſh, therefore, cannot always be relieved by their ſuper-abundance in another, as it is conſtantly in Scotland, and, I believe, in all other countries where there is no difficulty of ſettlement. In ſuch countries, though wages may ſometimes riſe a little in the neighbourhood of a great town, or wherever elſe there is an extraordinary demand for labour, and ſink gradually as the diſtance from ſuch places increaſes, till they fall back to the common rate of the country; yet we never meet with thoſe ſudden and unaccountable differences in the wages of neighbouring places which we ſometimes find in England, where it is often more difficult for a poor man to paſs the artificial boundary of a pariſh, than an arm of the ſea or a ridge of high mountains, natural boundaries which ſometimes ſeparate very diſtinctly different rates of wages in other countries.

To remove a man who has committed no miſdemeanour from the pariſh where he chuſes to reſide, is an evident violation of natural liberty and juſtice. The common people of England, however, ſo jealous of their liberty, but like the common people of moſt other countries never rightly underſtanding wherein it conſiſts, have now for more than a century together ſuffered themſelves to be expoſed to this oppreſſion without a remedy. Though men of reflexion too have ſometimes complained of the law of ſettlements as a public grievance; yet it has never been the object of any general popular clamour, ſuch

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ſuch as that againſt general warrants, an abuſive practice undoubtedly, but ſuch a one as was not likely to occaſion any general oppreſſion. There is ſcarce a poor man in England of forty years of age, I will venture to ſay, who has not in ſome part of his life felt himſelf moſt cruelly oppreſſed by this ill-contrived law of ſettlements.

I ſhall conclude this long chapter with obſerving, that though anciently it was uſual to rate wages, firſt by general laws extending over the whole kingdom, and afterwards by particular orders of the juſtices of peace in every particular county, both theſe practices have now gone entirely into diſuſe. "By the experience of above "four hundred years," ſays Doctor Burn, "it "ſeems time to lay aſide all endeavours to bring "under ſtrict regulations, what in its own na"ture ſeems incapable of minute limitation: for "if all perſons in the ſame kind of work were "to receive equal wages, there would be no "emulation, and no room left for induſtry or "ingenuity."

Particular acts of parliament, however, ſtill attempt ſometimes to regulate wages in particular trades and in particular places. Thus the 8th of George III. prohibits under heavy penalties all maſter taylors in London, and five miles round it, from giving, and their workmen from accepting, more than two ſhillings and ſevenpence halfpenny a day, except in the caſe of a general mourning. Whenever the legiſlature attempts to regulate the differences between maſters and their workmen, its counſellors are always

always the maſters. When the regulation, therefore, is in favour of the workmen, it is always juſt and equitable; but it is ſometimes otherwiſe when in favour of the maſters. Thus the law which obliges the maſters in ſeveral different trades to pay their workmen in money and not in goods, is quite juſt and equitable. It impoſes no real hardſhip upon the maſters. It only obliges them to pay that value in money, which they pretended to pay, but did not always really pay, in goods. This law is in favour of the workmen; but the 8th of George III. is in favour of the maſters. When maſters combine together in order to reduce the wages of their workmen, they commonly enter into a private bond or agreement, not to give more than a certain wage under a certain penalty. Were the workmen to enter into a contrary combination of the ſame kind, not to accept of a certain wage under a certain penalty, the law would puniſh them very ſeverely; and if it dealt impartially, it would treat the maſters in the ſame manner. But the 8th of George III. enforces by law that very regulation which maſters ſometimes attempt to eſtabliſh by ſuch combinations. The complaint of the workmen, that it puts the ableſt and moſt induſtrious upon the ſame footing with an ordinary workman, ſeems perfectly well founded. CHAP. X.

In ancient times too it was uſual to attempt to regulate the profits of merchants and other dealers, by rating the price both of proviſions and other goods. The aſſize of bread is, ſo far

as

BOOK I. as I know, the only remnant of this ancient uſage. Where there is an excluſive corporation, it may perhaps be proper to regulate the price of the firſt neceſſary of life. But where there is none, the competition will regulate it much better than any aſſize. The method of fixing the aſſize of bread eſtabliſhed by the 31ſt of George II. could not be put in practice in Scotland, on account of a defect in the law; its execution depending upon the office of clerk of the market, which does not exiſt there. This defect was not remedied till the third of George III. The want of an aſſize occaſioned no ſenſible inconveniency, and the eſtabliſhment of one in the few places where it has yet taken place, has produced no ſenſible advantage. In the greater part of the towns of Scotland, however, there is an incorporation of bakers who claim excluſive privileges, though they are not very ſtrictly guarded.

The proportion between the different rates both of wages and profit in the different employments of labour and ſtock, ſeems not to be much affected, as has already been obſerved, by the riches or poverty, the advancing, ſtationary, or declining ſtate of the ſociety. Such revolutions in the public welfare, though they affect the general rates both of wages and profit, muſt in the end affect them equally in all different employments. The proportion between them, therefore, muſt remain the ſame, and cannot well be altered, at leaſt for any conſiderable time, by any ſuch revolutions.

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CHAP. XI.

Of the Rent of Land.

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RENT, conſidered as the price paid for the uſe of land, is naturally the higheſt which the tenant can afford to pay in the actual circumſtances of the land. In adjuſting the terms of the leaſe, the landlord endeavours to leave him no greater ſhare of the produce than what is ſufficient to keep up the ſtock from which he furniſhes the ſeed, pays the labour, and purchaſes and maintains the cattle and other inſtruments of huſbandry, together with the ordinary profits of farming ſtock in the neighbourhood. This is evidently the ſmalleſt ſhare with which the tenant can content himſelf without being a loſer, and the landlord ſeldom means to leave him any more. Whatever part of the produce, or, what is the ſame thing, whatever part of its price, is over and above this ſhare, he naturally endeavours to reſerve to himſelf as the rent of his land, which is evidently the higheſt the tenant can afford to pay in the actual circumſtances of the land. Sometimes, indeed, the liberality, more frequently the ignorance, of the landlord, makes him accept of ſomewhat leſs than this portion; and ſometimes too, though more rarely, the ignorance of the tenant makes him undertake to pay ſomewhat more, or to content himſelf with ſomewhat leſs, than the ordinary profits of farming ſtock in the neighbourhood. This portion,

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tion, however, may ſtill be conſidered as the natural rent of land, or the rent for which it is naturally meant that land ſhould for the moſt part be let.

The rent of land, it may be thought, is frequently no more than a reaſonable profit or intereſt for the ſtock laid out by the landlord upon its improvement. This, no doubt, may be partly the caſe upon ſome occaſions; for it can ſcarce ever be more than partly the caſe. The landlord demands a rent even for unimproved land, and the ſuppoſed intereſt or profit upon the expence of improvement is generally an addition to this original rent. Thoſe improvements, beſides, are not always made by the ſtock of the landlord, but ſometimes by that of the tenant. When the leaſe comes to be renewed, however, the landlord commonly demands the ſame augmentation of rent, as if they had been all made by his own.

He ſometimes demands rent for what is altogether incapable of human improvement. Kelp is a ſpecies of ſea-weed, which, when burnt, yields an alkaline ſalt, uſeful for making glaſs, ſoap, and for ſeveral other purpoſes. It grows in ſeveral parts of Great Britain, particularly in Scotland, upon ſuch rocks only as lie within the high water-mark, which are twice every day covered with the ſea, and of which the produce, therefore, was never augmented by human induſtry. The landlord, however, whoſe eſtate is bounded by a kelp ſhore of this kind, demands a rent for it as much as for his corn fields.

The ſea in the neighbourhood of the iſlands of Shetland is more than commonly abundant in fiſh,

fiſh, which make a great part of the ſubſiſtence of their inhabitants. But in order to profit by the produce of the water, they muſt have a habitation upon the neighbouring land. The rent of the landlord is in proportion, not to what the farmer can make by the land, but to what he can make both by the land and by the water. It is partly paid in ſea-fiſh; and one of the very few inſtances in which rent makes a part of the price of that commodity, is to be found in that country.

The rent of land, therefore, conſidered as the price paid for the uſe of the land, is naturally a monopoly price. It is not at all proportioned to what the landlord may have laid out upon the improvement of the land, or to what he can afford to take; but to what the farmer can afford to give.

Such parts only of the produce of land can commonly be brought to market of which the ordinary price is ſufficient to replace the ſtock which muſt be employed in bringing them thither, together with its ordinary profits. If the ordinary price is more than this, the ſurplus part of it will naturally go to the rent of the land. If it is not more, though the commodity may be brought to market, it can afford no rent to the landlord. Whether the price is, or is not more, depends upon the demand.

There are ſome parts of the produce of land for which the demand muſt always be ſuch as to afford a greater price than what is ſufficient to bring them to market; and there are others for

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which it either may or may not be ſuch as to afford this greater price. The former muſt always afford a rent to the landlord. The latter ſometimes may, and ſometimes may not, according to different circumſtances.

Rent, it is to be obſerved, therefore, enters into the compoſition of the price of commodities in a different way from wages and profit. High or low wages and profit are the cauſes of high or low price; high or low rent is the effect of it. It is becauſe high or low wages and profit muſt be paid, in order to bring a particular commodity to market, that its price is high or low. But it is becauſe its price is high or low; a great deal more, or very little more, or no more, than what is ſufficient to pay thoſe wages and profit, that it affords a high rent, or a low rent, or no rent at all.

The particular conſideration, firſt, of thoſe parts of the produce of land which always afford ſome rent; ſecondly, of thoſe which ſometimes may and ſometimes may not afford rent; and, thirdly, of the variations which, in the different periods of improvement, naturally take place, in the relative value of thoſe two different ſorts of rude produce, when compared both with one another and with manufactured commodities, will divide this chapter into three parts.

PART

PART I.

Of the Produce of Land which always affords Rent.

AS men, like all other animals, naturally multiply in proportion to the means of their ſubſiſtence, food is always, more or leſs, in demand. It can always purchaſe or command a greater or ſmaller quantity of labour, and ſomebody can always be found who is willing to do ſomething in order to obtain it. The quantity of labour, indeed, which it can purchaſe, is not always equal to what it could maintain, if managed in the moſt œconomical manner, on account of the high wages which are ſometimes given to labour. But it can always purchaſe ſuch a quantity of labour as it can maintain, according to the rate at which that ſort of labour is commonly maintained in the neighbourhood.

But land, in almoſt any ſituation, produces a greater quantity of food than what is ſufficient to maintain all the labour neceſſary for bringing it to market, in the moſt liberal way in which that labour is ever maintained. The ſurplus too is always more than ſufficient to replace the ſtock which employed that labour, together with its profits. Something, therefore, always remains for a rent to the landlord.

The moſt deſart moors in Norway and Scotland produce ſome ſort of paſture for cattle, of which the milk and the increaſe are always more

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than ſufficient, not only to maintain all the labour neceſſary for tending them, and to pay the ordinary profit to the farmer or owner of the herd or flock; but to afford ſome ſmall rent to the landlord. The rent increaſes in proportion to the goodneſs of the paſture. The ſame extent of ground not only maintains a greater number of cattle, but as they are brought within a ſmaller compaſs, leſs labour becomes requiſite to tend them, and to collect their produce. The landlord gains both ways; by the increaſe of the produce, and by the diminution of the labour which muſt be maintained out of it.

The rent of land not only varies with its fertility, whatever be its produce, but with its ſituation, whatever be its fertility. Land in the neighbourhood of a town gives a greater rent than land equally fertile in a diſtant part of the country. Though it may coſt no more labour to cultivate the one than the other, it muſt always coſt more to bring the produce of the diſtant land to market. A greater quantity of labour, therefore, muſt be maintained out of it; and the ſurplus, from which are drawn both the profit of the farmer and the rent of the landlord, muſt be diminiſhed. But in remote parts of the country the rate of profits, as has already been ſhown, is generally higher than in the neighbourhood of a large town. A ſmaller proportion of this diminiſhed ſurplus, therefore, muſt belong to the landlord.

Good roads, canals, and navigable rivers, by diminiſhing the expence of carriage, put the remote

remote parts of the country more nearly upon a level with thoſe in the neighbourhood of the town. They are upon that account the greateſt of all improvements. They encourage the cultivation of the remote, which muſt always be the moſt extenſive circle of the country. They are advantageous to the town, by breaking down the monopoly of the country in its neighbourhood. They are advantageous even to that part of the country. Though they introduce ſome rival commodities into the old market, they open many new markets to its produce. Monopoly, beſides, is a great enemy to good management, which can never be univerſally eſtabliſhed but in conſequence of that free and univerſal competition which forces every body to have recourſe to it for the ſake of ſelf-defence. It is not more than fifty years ago, that ſome of the counties in the neighbourhood of London petitioned the parliament againſt the extenſion of the turnpike roads into the remoter counties. Thoſe remoter counties, they pretended, from the cheapneſs of labour, would be able to ſell their graſs and corn cheaper in the London market than themſelves, and would thereby reduce their rents, and ruin their cultivation. Their rents, however, have riſen, and their cultivation has been improved ſince that time.

A corn field of moderate fertility produces a much greater quantity of food for man, than the beſt paſture of equal extent. Though its cultivation requires much more labour, yet the ſurplus which remains after replacing the ſeed and

maintaining all that labour, is likewiſe much greater. If a pound of butcher's-meat, therefore, was never ſuppoſed to be worth more than a pound of bread, this greater ſurplus would every-where be of greater value, and conſtitute a greater fund both for the profit of the farmer and the rent of the landlord. It ſeems to have done ſo univerſally in the rude beginnings of agriculture.

But the relative values of thoſe two different ſpecies of food, bread, and butcher's-meat, are very different in the different periods of agriculture. In its rude beginnings, the unimproved wilds, which then occupy the far greater part of the country, are all abandoned to cattle. There is more butcher's-meat than bread, and bread, therefore, is the food for which there is the greateſt competition, and which conſequently brings the greateſt price. At Buenos Ayres, we are told by Ulloa, four reals, one-and-twenty pence halfpenny ſterling, was, forty or fifty years ago, the ordinary price of an ox, choſen from a herd of two or three hundred. He ſays nothing of the price of bread, probably becauſe he found nothing remarkable about it. An ox there, he ſays, coſts little more than the labour of catching him. But corn can no-where be raiſed without a great deal of labour, and in a country which lies upon the river Plate, at that time the direct road from Europe to the ſilver mines of Potoſi, the money price of labour could not be very cheap. It is otherwiſe when cultivation is extended over the greater part of the country. There

There is then more bread than butcher's-meat. The competition changes its direction, and the price of butcher's-meat becomes greater than the price of bread.

By the extenſion beſides of cultivation, the unimproved wilds become inſufficient to ſupply the demand for butcher's-meat. A great part of the cultivated lands muſt be employed in rearing and fattening cattle, of which the price, therefore, muſt be ſufficient to pay, not only the labour neceſſary for tending them, but the rent which the landlord and the profit which the farmer could have drawn from ſuch land employed in tillage. The cattle bred upon the moſt uncultivated moors, when brought to the ſame market, are, in proportion to their weight or goodneſs, ſold at the ſame price as thoſe which are reared upon the moſt improved land. The proprietors of thoſe moors profit by it, and raiſe the rent of their land in proportion to the price of their cattle. It is not more than a century ago that in many parts of the Highlands of Scotland, butcher's-meat was as cheap or cheaper than even bread made of oat-meal. The union opened the market of England to the Highland cattle. Their ordinary price is at preſent about three times greater than at the beginning of the century, and the rents of many Highland eſtates have been tripled and quadrupled in the ſame time. In almoſt every part of Great Britain a pound of the beſt butcher's-meat, is in the preſent times, generally worth more than two pounds of the beſt white bread; and in

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It is thus that in the progreſs of improvement the rent and profit of unimproved paſture come to be regulated in ſome meaſure by the rent and profit of what is improved, and theſe again by the rent and profit of corn. Corn is an annual crop. Butcher's-meat, a crop which requires four or five years to grow. As an acre of land, therefore, will produce a much ſmaller quantity of the one ſpecies of food than of the other, the inferiority of the quantity muſt be compenſated by the ſuperiority of the price. If it was more than compenſated, more corn land would be turned into paſture; and if it was not compenſated, part of what was in paſture would be brought back into corn.

This equality, however, between the rent and profit of graſs and thoſe of corn; of the land of which the immediate produce is food for cattle, and of that of which the immediate produce is food for men; muſt be underſtood to take place only through the greater part of the improved lands of a great country. In ſome particular local ſituations it is quite otherwiſe, and the rent and profit of graſs are much ſuperior to what can be made by corn.

Thus in the neighbourhood of a great town, the demand for milk and for forage to horſes, frequently contribute, together with the high price of butcher's meat, to raiſe the value of graſs above what may be called its natural proportion to that of corn. This local advantage, it

it is evident, cannot be communicated to the lands at a diſtance.

Particular circumſtances have ſometimes rendered ſome countries ſo populous, that the whole territory, like the lands in the neighbourhood of a great town, has not been ſufficient to produce both the graſs and the corn neceſſary for the ſubſiſtence of their inhabitants. Their lands, therefore, have been principally employed in the production of graſs, the more bulky commodity, and which cannot be ſo eaſily brought from a great diſtance; and corn, the food of the great body of the people, has been chiefly imported from foreign countries. Holland is at preſent in this ſituation, and a conſiderable part of ancient Italy ſeems to have been ſo during the proſperity of the Romans. To feed well, old Cato ſaid, as we are told by Cicero, was the firſt and moſt profitable thing in the management of a private eſtate; to feed tolerably well, the ſecond; and to feed ill, the third. To plough, he ranked only in the fourth place of profit and advantage. Tillage, indeed, in that part of ancient Italy which lay in the neighbourhood of Rome, muſt have been very much diſcouraged by the diſtributions of corn which were frequently made to the people, either gratuitouſly, or at a very low price. This corn was brought from the conquered provinces, of which ſeveral, inſtead of taxes, were obliged to furniſh a tenth part of their produce at a ſtated price, about ſixpence a peck, to the republic. The low price at which this corn was diſtributed

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buted to the people, muſt neceſſarily have ſunk the price of what could be brought to the Roman market from Latium, or the ancient territory of Rome, and muſt have diſcouraged its cultivation in that country.

In an open country too, of which the principal produce is corn, a well-encloſed piece of graſs will frequently rent higher than any corn-field in its neighbourhood. It is convenient for the maintenance of the cattle employed in the cultivation of the corn, and its high rent is, in this caſe, not ſo properly paid from the value of its own produce, as from that of the corn lands which are cultivated by means of it. It is likely to fall, if ever the neighbouring lands are completely encloſed. The preſent high rent of encloſed land in Scotland ſeems owing to the ſcarcity of encloſure, and will probably laſt no longer than that ſcarcity. The advantage of encloſure is greater for paſture than for corn. It ſaves the labour of guarding the cattle, which feed better too when they are not liable to be diſturbed by their keeper or his dog.

But where there is no local advantage of this kind, the rent and profit of corn, or whatever elſe is the common vegetable food of the people, muſt naturally regulate, upon the land which is fit for producing it, the rent and profit of paſture.

The uſe of the artificial graſſes, of turnips, carrots, cabbages, and the other expedients which have been fallen upon to make an equal quantity of land feed a greater number of cattle

cattle than when in natural graſs, ſhould ſomewhat reduce, it might be expected, the ſuperiority which, in an improved country, the price of butcher's meat naturally has over that of bread. It ſeems accordingly to have done ſo; and there is ſome reaſon for believing that, at leaſt in the London market, the price of butcher's meat in proportion to the price of bread, is a good deal lower in the preſent times than it was in the beginning of the laſt century.

In the appendix to the Life of Prince Henry, Doctor Birch has given us an account of the prices of butcher's meat as commonly paid by that prince. It is there ſaid, that the four quarters of an ox weighing ſix hundred pounds uſually coſt him nine pounds ten ſhillings or thereabouts; that is, thirty-one ſhillings and eight-pence per hundred pounds weight. Prince Henry died on the 6th of November 1612, in the nineteenth year of his age.

In March 1764, there was a parliamentary inquiry into the cauſes of the high price of proviſions at that time. It was then, among other proof to the ſame purpoſe, given in evidence by a Virginia merchant, that in March 1763, he had victualled his ſhips for twenty-four or twenty-five ſhillings the hundred weight of beef, which he conſidered as the ordinary price; whereas, in that dear year, he had paid twenty-ſeven ſhillings for the ſame weight and ſort. This high price in 1764 is, however, four ſhillings and eight-pence cheaper than the ordinary price

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price paid by Prince Henry; and it is the beſt beef only, it muſt be obſerved, which is fit to be ſalted for thoſe diſtant voyages.

The price paid by Prince Henry amounts to $3\frac{1}{3}d.$ per pound weight of the whole carcaſe, coarſe and choice pieces taken together; and at that rate the choice pieces could not have been ſold by retail for leſs than $4\frac{1}{2}d.$ or $5d.$ the pound.

In the parliamentary inquiry in 1764, the witneſſes ſtated the price of the choice pieces of the beſt beef to be to the conſumer $4d.$ and $4\frac{1}{2}d.$ the pound; and the coarſe pieces in general to be from ſeven farthings to $2\frac{1}{2}d.$ and $2\frac{1}{2}d.$; and this they ſaid was in general one half-penny dearer than the ſame ſort of pieces had uſually been ſold in the month of March. But even this high price is ſtill a good deal cheaper than what we can well ſuppoſe the ordinary retail price to have been in the time of Prince Henry.

During the twelve firſt years of the laſt century, the average price of the beſt wheat at the Windſor market was $1l.$ $18s.$ $3\frac{1}{6}d.$ the quarter of nine Wincheſter buſhels.

But in the twelve years preceding 1764, including that year, the average price of the ſame meaſure of the beſt wheat at the ſame market was $2l.$ $1s.$ $9\frac{1}{2}d.$

In the twelve firſt years of the laſt century, therefore, wheat appears to have been a good deal cheaper, and butcher's meat a good deal dearer, than in the twelve years preceding 1764, including that year.

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In all great countries the greater part of the cultivated lands are employed in producing either food for men or food for cattle. The rent and profit of theſe regulate the rent and profit of all other cultivated land. If any particular produce afforded leſs, the land would ſoon be turned into corn or paſture; and if any afforded more, ſome part of the lands in corn or paſture would ſoon be turned to that produce.

Thoſe productions, indeed, which require either a greater original expence of improvement, or a greater annual expence of cultivation, in order to fit the land for them, appear commonly to afford, the one a greater rent, the other a greater profit than corn or paſture. This ſuperiority, however, will ſeldom be found to amount to more than a reaſonable intereſt or compenſation for this ſuperior expence.

In a hop garden, a fruit garden, a kitchen garden, both the rent of the landlord, and the profit of the farmer, are generally greater than in a corn or graſs field. But to bring the ground into this condition requires more expence. Hence a greater rent becomes due to the landlord. It requires too a more attentive and ſkilful management. Hence a greater profit becomes due to the farmer. The crop too, at leaſt in the hop and fruit garden, is more precarious. Its price, therefore, beſides compenſating all occaſional loſſes, muſt afford ſomething like the profit of inſurance. The circumſtances of gardeners, generally mean, and always moderate, may ſatisfy us that their great ingenuity is not

BOOK I. not commonly over-recompenced. Their delightful art is practiſed by ſo many rich people for amuſement, that little advantage is to be made by thoſe who practiſe it for profit; becauſe the perſons who ſhould naturally be their beſt cuſtomers, ſupply themſelves with all their moſt precious productions.

The advantage which the landlord derives from ſuch improvements ſeems at no time to have been greater than what was ſufficient to compenſate the original expence of making them. In the ancient huſbandry, after the vineyard, a well-watered kitchen garden ſeems to have been the part of the farm which was ſuppoſed to yield the moſt valuable produce. But Democritus, who wrote upon huſbandry about two thouſand years ago, and who was regarded by the ancients as one of the fathers of the art, thought they did not act wiſely who encloſed a kitchen garden. The profit, he ſaid, would not compenſate the expence of a ſtone wall; and bricks (he meant, I ſuppoſe, bricks baked in the ſun) mouldered with the rain, and the winter ſtorm, and required continual repairs. Columella, who reports this judgment of Democritus, does not controvert it, but propoſes a very frugal method of encloſing with a hedge of brambles and briars, which, he ſays, he had found by experience to be both a laſting and an impenetrable fence; but which, it ſeems, was not commonly known in the time of Democritus. Palladius adopts the opinion of Columella, which had before been recommended by

Varro. In the judgment of thoſe ancient improvers, the produce of a kitchen garden had, it ſeems, been little more than ſufficient to pay the extraordinary culture and the expence of watering; for in countries ſo near the ſun, it was thought proper, in thoſe times as in the preſent, to have the command of a ſtream of water, which could be conducted to every bed in the garden. Through the greater part of Europe, a kitchen garden is not at preſent ſuppoſed to deſerve a better encloſure than that recommended by Columella. In Great Britain, and ſome other northern countries, the finer fruits cannot be brought to perfection but by the aſſiſtance of a wall. Their price, therefore, in ſuch countries muſt be ſufficient to pay the expence of building and maintaining what they cannot be had without. The fruit-wall frequently ſurrounds the kitchen garden, which thus enjoys the benefit of an encloſure which its own produce could ſeldom pay for. CHAP. XI.

That the vineyard, when properly planted and brought to perfection, was the moſt valuable part of the farm, ſeems to have been an undoubted maxim in the ancient agriculture, as it is in the modern through all the wine countries. But whether it was advantageous to plant a new vineyard, was a matter of diſpute among the ancient Italian huſbandmen, as we learn from Columella. He decides, like a true lover of all curious cultivation, in favour of the vineyard, and endeavours to ſhow, by a compariſon of the profit and expence, that it was a moſt advantageous

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tageous improvement. Such compariſons, however, between the profit and expence of new projects, are commonly very fallacious; and in nothing more ſo than in agriculture. Had the gain actually made by ſuch plantations been commonly as great as he imagined it might have been, there could have been no diſpute about it. The ſame point is frequently at this day a matter of controverſy in the wine countries. Their writers on agriculture, indeed, the lovers and promoters of high cultivation, ſeem generally diſpoſed to decide with Columella in favour of the vineyard. In France the anxiety of the proprietors of the old vineyards to prevent the planting of any new ones, ſeems to favour their opinion, and to indicate a conſciouſneſs in thoſe who muſt have the experience, that this ſpecies of cultivation is at preſent in that country more profitable than any other. It ſeems at the ſame time, however, to indicate another opinion, that this ſuperior profit can laſt no longer than the laws which at preſent reſtrain the free cultivation of the vine. In 1731, they obtained an order of council, prohibiting both the planting of new vineyards, and the renewal of thoſe old ones, of which the cultivation had been interrupted for two years, without a particular permiſſion from the king, to be granted only in conſequence of an information from the intendant of the province, certifying that he had examined the land, and that it was incapable of any other culture. The pretence of this order was the ſcarcity of corn and paſture, and the ſuper-

ſuper-abundance of wine. But had this ſuper-abundance been real, it would, without any order of council, have effectually prevented the plantation of new vineyards, by reducing the profits of this ſpecies of cultivation below their natural proportion to thoſe of corn and paſture. With regard to the ſuppoſed ſcarcity of corn occaſioned by the multiplication of vineyards, corn is nowhere in France more carefully cultivated than in the wine provinces, where the land is fit for producing it; as in Burgundy, Guienne, and the Upper Languedoc. The numerous hands employed in the one ſpecies of cultivation neceſſarily encourage the other, by affording a ready market for its produce. To diminiſh the number of thoſe who are capable of paying for it, is ſurely a moſt unpromiſing expedient for encouraging the cultivation of corn. It is like the policy which would promote agriculture by diſcouraging manufactures.

The rent and profit of thoſe productions, therefore, which require either a greater original expence of improvement in order to fit the land for them, or a greater annual expence of cultivation, though often much ſuperior to thoſe of corn and paſture, yet when they do no more than compenſate ſuch extraordinary expence, are in reality regulated by the rent and profit of thoſe common crops.

It ſometimes happens, indeed, that the quantity of land which can be fitted for ſome particular produce, is too ſmall to ſupply the effectual demand. The whole produce can be diſpoſed

BOOK I. of to thoſe who are willing to give ſomewhat more than what is ſufficient to pay the whole rent, wages and profit neceſſary for raiſing and bringing it to market, according to their natural rates, or according to the rates at which they are paid in the greater part of other cultivated land. The ſurplus part of the price which remains after defraying the whole expence of improvement and cultivation may commonly, in this caſe, and in this caſe only, bear no regular proportion to the like ſurplus in corn or paſture, but may exceed it in almoſt any degree; and the greater part of this exceſs naturally goes to the rent of the landlord.

The uſual and natural proportion, for example, between the rent and profit of wine and thoſe of corn and paſture, muſt be underſtood to take place only with regard to thoſe vineyards which produce nothing but good common wine, ſuch as can be raiſed almoſt any-where, upon any light, gravelly, or ſandy ſoil, and which has nothing to recommend it but its ſtrength and wholeſomeneſs. It is with ſuch vineyards only that the common land of the country can be brought into competition; for with thoſe of a peculiar quality it is evident that it cannot.

The vine is more affected by the difference of ſoils than any other fruit tree. From ſome it derives a flavour which no culture or management can equal, it is ſuppoſed, upon any other. This flavour, real or imaginary, is ſometimes peculiar to the produce of a few vineyards; ſometimes it extends through the greater part of a ſmall

a ſmall diſtrict, and ſometimes through a conſiderable part of a large province. The whole quantity of ſuch wines that is brought to market falls ſhort of the effectual demand, or the demand of thoſe who would be willing to pay the whole rent, profit and wages neceſſary for preparing and bringing them thither, according to the ordinary rate, or according to the rate at which they are paid in common vineyards. The whole quantity, therefore, can be diſpoſed of to thoſe who are willing to pay more, which neceſſarily raiſes the price above that of common wine. The difference is greater or leſs, according as the faſhionableneſs and ſcarcity of the wine render the competition of the buyers more or leſs eager. Whatever it be, the greater part of it goes to the rent of the landlord. For though ſuch vineyards are in general more carefully cultivated than moſt others, the high price of the wine ſeems to be, not ſo much the effect, as the cauſe of this careful cultivation. In ſo valuable a produce the loſs occaſioned by negligence is ſo great as to force even the moſt careleſs to attention. A ſmall part of this high price, therefore, is ſufficient to pay the wages of the extraordinary labour beſtowed upon their cultivation, and the profits of the extraordinary ſtock which puts that labour into motion. CHAP. XI.

The ſugar colonies poſſeſſed by the European nations in the Weſt Indies, may be compared to thoſe precious vineyards. Their whole produce falls ſhort of the effectual demand of Europe, and can be diſpoſed of to thoſe who are willing to

BOOK I. give more than what is ſufficient to pay the whole rent, profit and wages neceſſary for preparing and bringing it to market, according to the rate at which they are commonly paid by any other produce. In Cochin-china the fineſt white ſugar commonly ſells for three piaſtres the quintal, about thirteen ſhillings and ſixpence of our money, as we are told by Mr. Poivre*, a very careful obſerver of the agriculture of that country. What is there called the quintal weighs from a hundred and fifty to two hundred Paris pounds, or a hundred and ſeventy-five Paris pounds at a medium, which reduces the price of the hundred weight Engliſh to about eight ſhillings ſterling, not a fourth part of what is commonly paid for the brown or muſkavada ſugars imported from our colonies, and not a ſixth part of what is paid for the fineſt white ſugar. The greater part of the cultivated lands in Cochin-china are employed in producing corn and rice, the food of the great body of the people. The reſpective prices of corn, rice, and ſugar, are there probably in the natural proportion, or in that which naturally takes place in the different crops of the greater part of cultivated land, and and which recompences the landlord and farmer, as nearly as can be computed, according to what is uſually the original expence of improvement and the annual expence of cultivation. But in our ſugar colonies the price of ſugar bears no ſuch proportion to that of the produce of a rice or corn field either in Europe or in America. It

* Voyages d'un Philoſophe.

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is commonly ſaid, that a ſugar planter expects that the rum and the molaſſes ſhould defray the whole expence of his cultivation, and that his ſugar ſhould be all clear profit. If this be true, for I pretend not to affirm it, it is as if a corn farmer expected to defray the expence of his cultivation with the chaff and the ſtraw, and that the grain ſhould be all clear profit. We ſee frequently ſocieties of merchants in London and other trading towns, purchaſe waſte lands in our ſugar colonies, which they expect to improve and cultivate with profit by means of factors and agents; notwithſtanding the great diſtance and the uncertain returns, from the defective adminiſtration of juſtice in thoſe countries. Nobody will attempt to improve and cultivate in the ſame manner the moſt fertile lands of Scotland, Ireland, or the corn provinces of North America, though from the more exact adminiſtration of juſtice in theſe countries, more regular returns might be expected.

In Virginia and Maryland the cultivation of tobacco is preferred, as more profitable, to that of corn. Tobacco might be cultivated with advantage through the greater part of Europe; but in almoſt every part of Europe it has become a principal ſubject of taxation, and to collect a tax from every different farm in the country where this plant might happen to be cultivated, would be more difficult, it has been ſuppoſed, than to levy one upon its importation at the cuſtom-houſe. The cultivation of tobacco has upon this account been moſt abſurdly prohibited

BOOK I. through the greater part of Europe, which neceſſarily gives a ſort of monopoly to the countries where it is allowed; and as Virginia and Maryland produce the greateſt quantity of it, they ſhare largely, though with ſome competitors, in the advantage of this monopoly. The cultivation of tobacco, however, ſeems not to be ſo advantageous as that of ſugar. I have never even heard of any tobacco plantation that was improved and cultivated by the capital of merchants who reſided in Great Britain, and our tobacco colonies ſend us home no ſuch wealthy planters as we ſee frequently arrive from our ſugar iſlands. Though from the preference given in thoſe colonies to the cultivation of tobacco above that of corn, it would appear that the effectual demand of Europe for tobacco is not completely ſupplied, it probably is more nearly ſo than that for ſugar: And though the preſent price of tobacco is probably more than ſufficient to pay the whole rent, wages and profit neceſſary for preparing and bringing it to market, according to the rate at which they are commonly paid in corn land; it muſt not be ſo much more as the preſent price of ſugar. Our tobacco planters, accordingly, have ſhewn the ſame fear of the ſuper-abundance of tobacco, which the proprietors of the old vineyards in France have of the ſuper-abundance of wine. By act of aſſembly they have reſtrained its cultivation to ſix thouſand plants, ſuppoſed to yield a thouſand weight of tobacco, for every negro between ſixteen and ſixty years of age. Such a negro, over and

above this quantity of tobacco, can manage, they reckon, four acres of Indian corn. To prevent the market from being overſtocked too, they have ſometimes, in plentiful years, we are told by Dr. Douglas *, (I ſuſpect he has been ill informed) burnt a certain quantity of tobacco for every negro, in the ſame manner as the Dutch are ſaid to do of ſpices. If ſuch violent methods are neceſſary to keep up the preſent price of tobacco, the ſuperior advantage of its culture over that of corn, if it ſtill has any, will not probably be of long continuance.

It is in this manner that the rent of the cultivated land, of which the produce is human food, regulates the rent of the greater part of other cultivated land. No particular produce can long afford leſs; becauſe the land would immediately be turned to another uſe: And if any particular produce commonly affords more, it is becauſe the quantity of land which can be fitted for it is too ſmall to ſupply the effectual demand.

In Europe corn is the principal produce of land which ſerves immediately for human food. Except in particular ſituations, therefore, the rent of corn land regulates in Europe that of all other cultivated land. Britain need envy neither the vineyards of France nor the olive plantations of Italy. Except in particular ſituations, the value of theſe is regulated by that of corn, in which the fertility of Britain is not much inferior to that of either of thoſe two countries.

* Douglas's Summary, vol. ii. p. 372, 373.

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If in any country the common and favourite vegetable food of the people ſhould be drawn from a plant of which the moſt common land, with the ſame or nearly the ſame culture, produced a much greater quantity than the moſt fertile does of corn, the rent of the landlord, or the ſurplus quantity of food which would remain to him, after paying the labour and replacing the ſtock of the farmer together with its ordinary profits, would neceſſarily be much greater. Whatever was the rate at which labour was commonly maintained in that country, this greater ſurplus could always maintain a greater quantity of it, and conſequently enable the landlord to purchaſe or command a greater quantity of it. The real value of his rent, his real power and authority, his command of the neceſſaries and conveniencies of life with which the labour of other people could ſupply him, would neceſſarily be much greater.

A rice field produces a much greater quantity of food than the moſt fertile corn field. Two crops in the year from thirty to ſixty buſhels each, are ſaid to be the ordinary produce of an acre. Though its cultivation, therefore, requires more labour, a much greater ſurplus remains after maintaining all that labour. In thoſe rice countries, therefore, where rice is the common and favourite vegetable food of the people, and where the cultivators are chiefly maintained with it, a greater ſhare of this greater ſurplus ſhould belong to the landlord than in corn countries. In Carolina, where the planters,

planters, as in other Britiſh colonies, are generally both farmers and landlords, and where rent conſequently is confounded with profit, the cultivation of rice is found to be more profitable than that of corn, though their fields produce only one crop in the year, and though, from the prevalence of the cuſtoms of Europe, rice is not there the common and favourite vegetable food of the people. CHAP. XI.

A good rice field is a bog at all ſeaſons, and at one ſeaſon a bog covered with water. It is unfit either for corn, or paſture, or vineyard, or, indeed, for any other vegetable produce that is very uſeful to men: And the lands which are fit for thoſe purpoſes, are not fit for rice. Even in the rice countries, therefore, the rent of rice lands cannot regulate the rent of the other cultivated land which can never be turned to that produce.

The food produced by a field of potatoes is not inferior in quantity to that produced by a field of rice, and much ſuperior to what is produced by a field of wheat. Twelve thouſand weight of potatoes from an acre of land is not a greater produce than two thouſand weight of wheat. The food or ſolid nouriſhment, indeed, which can be drawn from each of thoſe two plants, is not altogether in proportion to their weight, on account of the watery nature of potatoes. Allowing, however, half the weight of this root to go to water, a very large allowance, ſuch an acre of potatoes will ſtill produce ſix thouſand weight of ſolid nouriſhment, three times

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times the quantity produced by the acre of wheat. An acre of potatoes is cultivated with leſs expence than an acre of wheat; the fallow, which generally precedes the ſowing of wheat, more than compenſating the hoeing and other extraordinary culture which is always given to potatoes. Should this root ever become in any part of Europe, like rice in ſome rice countries, the common and favourite vegetable food of the people, ſo as to occupy the ſame proportion of the lands in tillage which wheat and other ſorts of grain for human food do at preſent, the ſame quantity of cultivated land would maintain a much greater number of people, and the labourers being generally fed with potatoes, a greater ſurplus would remain after replacing all the ſtock and maintaining all the labour employed in cultivation. A greater ſhare of this ſurplus too would belong to the landlord. Population would increaſe, and rents would riſe much beyond what they are at preſent.

The land which is fit for potatoes, is fit for almoſt every other uſeful vegetable. If they occupied the ſame proportion of cultivated land which corn does at preſent, they would regulate, in the ſame manner, the rent of the greater part of other cultivated land.

In ſome parts of Lancaſhire it is pretended, I have been told, that bread of oatmeal is a heartier food for labouring people than wheaten bread, and I have frequently heard the ſame doctrine held in Scotland. I am, however, ſomewhat doubtful of the truth of it. The common

mon people in Scotland, who are fed with oat-meal, are in general neither ſo ſtrong nor ſo handſome as the ſame rank of people in England who are fed with wheaten bread. They neither work ſo well, nor look ſo well; and as there is not the ſame difference between the people of faſhion in the two countries, experience would ſeem to ſhow, that the food of the common people in Scotland is not ſo ſuitable to the human conſtitution as that of their neighbours of the ſame rank in England. But it ſeems to be otherwiſe with potatoes. The chairmen, porters, and coal-heavers in London, and thoſe unfortunate women who live by proſtitution, the ſtrongeſt men and the moſt beautiful women perhaps in the Britiſh Dominions, are ſaid to be, the greater part of them, from the loweſt rank of people in Ireland, who are generally fed with this root. No food can afford a more deciſive proof of its nouriſhing quality, or of its being peculiarly ſuitable to the health of the human conſtitution.

It is difficult to preſerve potatoes through the year, and impoſſible to ſtore them like corn, for two or three years together. The fear of not being able to ſell them before they rot, diſcourages their cultivation, and is, perhaps, the chief obſtacle to their ever becoming in any great country, like bread, the principal vegetable food of all the different ranks of the people.

PART

PART II.

Of the Produce of Land which ſometimes does, and ſometimes does not, afford Rent.

HUMAN food ſeems to be the only produce of land which always and neceſſarily affords ſome rent to the landlord. Other ſorts of produce ſometimes may and ſometimes may not, according to different circumſtances.

After food, cloathing and lodging are the two great wants of mankind.

Land in its original rude ſtate can afford the materials of cloathing and lodging to a much greater number of people than it can feed. In its improved ſtate it can ſometimes feed a greater number of people than it can ſupply with thoſe materials; at leaſt, in the way in which they require them, and are willing to pay for them. In the one ſtate, therefore, there is always a ſuperabundance of thoſe materials, which are frequently, upon that account, of little or no value. In the other there is often a ſcarcity, which neceſſarily augments their value. In the one ſtate a great part of them is thrown away as uſeleſs, and the price of what is uſed is conſidered as equal only to the labour and expence of fitting it for uſe, and can, therefore, afford no rent to the landlord. In the other they are all made uſe of, and there is frequently a demand for more than can be had. Somebody is always willing to give more for every part of them than what

what is ſufficient to pay the expence of bringing them to market. Their price, therefore, can always afford ſome rent to the landlord. CHAP. XI.

The ſkins of the larger animals were the original materials of cloathing. Among nations of hunters and ſhepherds, therefore, whoſe food conſiſts chiefly in the fleſh of thoſe animals, every man, by providing himſelf with food, provides himſelf with the materials of more cloathing than he can wear. If there was no foreign commerce, the greater part of them would be thrown away as things of no value. This was probably the caſe among the hunting nations of North America, before their country was diſcovered by the Europeans, with whom they now exchange their ſurplus peltry, for blankets, fire-arms, and brandy, which gives it ſome value. In the preſent commercial ſtate of the known world, the moſt barbarous nations, I believe, among whom land property is eſtabliſhed, have ſome foreign commerce of this kind, and find among their wealthier neighbours ſuch a demand for all the materials of cloathing, which their land produces, and which can neither be wrought up nor conſumed at home, as raiſes their price above what it coſts to ſend them to thoſe wealthier neighbours. It affords, therefore, ſome rent to the landlord. When the greater part of the highland cattle were conſumed on their own hills, the exportation of their hides made the moſt conſiderable article of the commerce of that country, and what they were exchanged for afforded ſome addition to the

rent

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rent of the highland eſtates. The wool of England, which in old times could neither be conſumed nor wrought up at home, found a market in the then wealthier and more induſtrious country of Flanders, and its price afforded ſomething to the rent of the land which produced it. In countries not better cultivated than England was then, or than the Highlands of Scotland are now, and which had no foreign commerce, the materials of cloathing would evidently be ſo ſuperabundant, that a great part of them would be thrown away as uſeleſs, and no part could afford any rent to the landlord.

The materials of lodging cannot always be tranſported to ſo great a diſtance as thoſe of cloathing, and do not ſo readily become an object of foreign commerce. When they are ſuperabundant in the country which produces them, it frequently happens, even in the preſent commercial ſtate of the world, that they are of no value to the landlord. A good ſtone quarry in the neighbourhood of London would afford a conſiderable rent. In many parts of Scotland and Wales it affords none. Barren timber for building is of great value in a populous and well-cultivated country, and the land which produces it affords a conſiderable rent. But in many parts of North America the landlord would be much obliged to anybody who would carry away the greater part of his large trees. In ſome parts of the highlands of Scotland the bark is the only part of the wood which, for want of roads and water-carriage, can be ſent

to market. The timber is left to rot upon the ground. When the materials of lodging are ſo ſuperabundant, the part made uſe of is worth only the labour and expence of fitting it for that uſe. It affords no rent to the landlord, who generally grants the uſe of it to whoever takes the trouble of aſking it. The demand of wealthier nations, however, ſometimes enables him to get a rent for it. The paving of the ſtreets of London has enabled the owners of ſome barren rocks on the coaſt of Scotland to draw a rent from what never afforded any before. The woods of Norway and of the coaſts of the Baltic, find a market in many parts of Great Britain which they could not find at home, and thereby afford ſome rent to their proprietors.

Countries are populous, not in proportion to the number of people whom their produce can cloath and lodge, but in proportion to that of thoſe whom it can feed. When food is provided, it is eaſy to find the neceſſary cloathing and lodging. But though theſe are at hand, it may often be difficult to find food. In ſome parts even of the Britiſh dominions, what is called a Houſe, may be built by one day's labour of one man. The ſimpleſt ſpecies of cloathing, the ſkins of animals, require ſomewhat more labour to dreſs and prepare them for uſe. They do not, however, require a great deal. Among ſavage and barbarous nations, a hundredth or little more than a hundredth part of the labour of the whole year, will be ſufficient to provide them with ſuch cloathing and lodging as ſatisfy the

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the greater part of the people. All the other ninety-nine parts are frequently no more than enough to provide them with food.

But when by the improvement and cultivation of land the labour of one family can provide food for two, the labour of half the ſociety becomes ſufficient to provide food for the whole. The other half, therefore, or at leaſt the greater part of them, can be employed in providing other things, or in ſatisfying the other wants and fancies of mankind. Cloathing and lodging, houſhold furniture, and what is called Equipage, are the principal objects of the greater part of thoſe wants and fancies. The rich man conſumes no more food than his poor neighbour. In quality it may be very different, and to ſelect and prepare it may require more labour and art; but in quantity it is very nearly the ſame. But compare the ſpacious palace and great wardrobe of the one, with the hovel and the few rags of the other, and you will be ſenſible that the difference between their cloathing, lodging, and houſhold furniture, is almoſt as great in quantity as it is in quality. The deſire of food is limited in every man by the narrow capacity of the human ſtomach; but the deſire of the conveniences and ornaments of building, dreſs, equipage, and houſhold furniture, ſeems to have no limit or certain boundary. Thoſe, therefore, who have the command of more food than they themſelves can conſume, are always willing to exchange the ſurplus, or, what is the ſame thing, the price of it, for gratifications

tifications of this other kind. What is over and above ſatisfying the limited deſire, is given for the amuſement of thoſe deſires which cannot be ſatisfied, but ſeem to be altogether endleſs. The poor, in order to obtain food, exert themſelves to gratify thoſe fancies of the rich, and to obtain it more certainly, they vie with one another in the cheapneſs and perfection of their work. The number of workmen increaſes with the increaſing quantity of food, or with the growing improvement and cultivation of the lands; and as the nature of their buſineſs admits of the utmoſt ſubdiviſions of labour, the quantity of materials which they can work up, increaſes in a much greater proportion than their numbers. Hence ariſes a demand for every ſort of materials which human invention can employ, either uſefully or ornamentally, in building, dreſs, equipage, or houſhold furniture; for the foſſils and minerals contained in the bowels of the earth, the precious metals, and the precious ſtones.

Food is in this manner, not only the original ſource of rent, but every other part of the produce of land which afterwards affords rent, derives that part of its value from the improvement of the powers of labour in producing food by means of the improvement and cultivation of land.

Thoſe other parts of the produce of land, however, which afterwards afford rent, do not afford it always. Even in improved and cultivated countries, the demand for them is not always ſuch as to afford a greater price than

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what is ſufficient to pay the labour, and replace, together with its ordinary profits, the ſtock which muſt be employed in bringing them to market. Whether it is or is not ſuch, depends upon different circumſtances.

Whether a coal-mine, for example, can afford any rent, depends partly upon its fertility, and partly upon its ſituation.

A mine of any kind may be ſaid to be either fertile or barren, according as the quantity of mineral which can be brought from it by a certain quantity of labour, is greater or leſs than what can be brought by an equal quantity from the greater part of other mines of the ſame kind.

Some coal-mines advantageouſly ſituated, cannot be wrought on account of their barrenneſs. The produce does not pay the expence. They can afford neither profit nor rent.

There are ſome of which the produce is barely ſufficient to pay the labourer, and replace, together with its ordinary profits, the ſtock employed in working them. They afford ſome profit to the undertaker of the work, but no rent to the landlord. They can be wrought advantageouſly by nobody but the landlord, who being himſelf undertaker of the work, gets the ordinary profit of the capital which he employs in it. Many coal-mines in Scotland are wrought in this manner, and can be wrought in no other. The landlord will allow nobody elſe to work them without paying ſome rent, and nobody can afford to pay any.

Other

Other coal-mines in the ſame country ſufficiently fertile, cannot be wrought on account of their ſituation. A quantity of mineral ſufficient to defray the expence of working, could be brought from the mine by the ordinary, or even leſs than the ordinary quantity of labour: But in an inland country, thinly inhabited, and without either good roads or water-carriage, this quantity could not be ſold. CHAP. XI.

Coals are a leſs agreeable fewel than wood: they are ſaid too to be leſs wholeſome. The expence of coals, therefore, at the place where they are conſumed, muſt generally be ſomewhat leſs than that of wood.

The price of wood again varies with the ſtate of agriculture, nearly in the ſame manner, and exactly for the ſame reaſon, as the price of cattle. In its rude beginnings the greater part of every country is covered with wood, which is then a mere incumbrance of no value to the landlord, who would gladly give it to any body for the cutting. As agriculture advances, the woods are partly cleared by the progreſs of tillage, and partly go to decay in conſequence of the increaſed number of cattle. Theſe, though they do not increaſe in the ſame proportion as corn, which is altogether the acquiſition of human induſtry, yet multiply under the care and protection of men; who ſtore up in the ſeaſon of plenty what may maintain them in that of ſcarcity, who through the whole year furniſh them with a greater quantity of food than uncultivated nature provides for them, and who, by deſtroy-

BOOK I. ing and extirpating their enemies, ſecure them in the free enjoyment of all that ſhe provides. Numerous herds of cattle, when allowed to wander through the woods, though they do not deſtroy the old trees, hinder any young ones from coming up, ſo that in the courſe of a century or two the whole foreſt goes to ruin. The ſcarcity of wood then raiſes its price. It affords a good rent, and the landlord ſometimes finds that he can ſcarce employ his beſt lands more advantageouſly than in growing barren timber, of which the greatneſs of the profit often compenſates the lateneſs of the returns. This ſeems in the preſent times to be nearly the ſtate of things in ſeveral parts of Great Britain, where the profit of planting is found to be equal to that of either corn or paſture. The advantage which the landlord derives from planting, can nowhere exceed, at leaſt for any conſiderable time, the rent which theſe could afford him; and in an inland country which is highly cultivated, it will frequently not fall much ſhort of this rent. Upon the ſea-coaſt of a well-improved country, indeed, if coals can conveniently be had for fewel, it may ſometimes be cheaper to bring barren timber for building from leſs cultivated foreign countries, than to raiſe it at home. In the new town of Edinburgh, built within theſe few years, there is not, perhaps, a ſingle ſtick of Scotch timber.

Whatever may be the price of wood, if that of coals is ſuch that the expence of a coal-fire is nearly equal to that of a wood one, we may be aſſured,

aſſured, that at that place, and in theſe circumſtances, the price of coals is as high as it can be. It ſeems to be ſo in ſome of the inland parts of England, particularly in Oxfordſhire, where it is uſual, even in the fires of the common people, to mix coals and wood together, and where the difference in the expence of thoſe two ſorts of fewel cannot, therefore, be very great.

Coals, in the coal countries, are every-where much below this higheſt price. If they were not, they could not bear the expence of a diſtant carriage, either by land or by water. A ſmall quantity only could be ſold, and the coal maſters and coal proprietors find it more for their intereſt to ſell a great quantity at a price ſomewhat above the loweſt, than a ſmall quantity at the higheſt. The moſt fertile coal-mine too, regulates the price of coals at all the other mines in its neighbourhood. Both the proprietor and the undertaker of the work find, the one that he can get a greater rent, the other that he can get a greater profit, by ſomewhat underſelling all their neighbours. Their neighbours are ſoon obliged to ſell at the ſame price, though they cannot ſo well afford it, and though it always diminiſhes, and ſometimes takes away altogether both their rent and their profit. Some works are abandoned altogether; others can afford no rent, and can be wrought only by the proprietor.

The loweſt price at which coals can be ſold for any conſiderable time, is, like that of all other commodities, the price which is barely ſufficient

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ficient to replace, together with its ordinary profits, the ſtock which muſt be employed in bringing them to market. At a coal-mine for which the landlord can get no rent, but which he muſt either work himſelf or let it alone altogether, the price of coals muſt generally be nearly about this price.

Rent, even where coals afford one, has generally a ſmaller ſhare in their price than in that of moſt other parts of the rude produce of land. The rent of an eſtate above ground, commonly amounts to what is ſuppoſed to be a third of the groſs produce; and it is generally a rent certain and independent of the occaſional variations in the crop. In coal-mines a fifth of the groſs produce is a very great rent; a tenth the common rent, and it is ſeldom a rent certain, but depends upon the occaſional variations in the produce. Theſe are ſo great, that in a country where thirty years purchaſe is conſidered as a moderate price for the property of a landed eſtate, ten years purchaſe is regarded as a good price for that of a coal-mine.

The value of a coal-mine to the proprietor frequently depends as much upon its ſituation as upon its fertility. That of a metallic mine depends more upon its fertility, and leſs upon its ſituation. The coarſe, and ſtill more the precious metals, when ſeparated from the ore, are ſo valuable that they can generally bear the expence of a very long land, and of the moſt diſtant ſea carriage. Their market is not confined to the countries in the neighbourhood of the mine,

mine, but extends to the whole world. The copper of Japan makes an article of commerce in Europe; the iron of Spain in that of Chili and Peru. The ſilver of Peru finds its way, not only to Europe, but from Europe to China.

The price of coals in Weſtmorland or Shropſhire can have little effect on their price at Newcaſtle; and their price in the Lionnois can have none at all. The productions of ſuch diſtant coal-mines can never be brought into competition with one another. But the productions of the moſt diſtant metallic mines frequently may, and in fact commonly are. The price, therefore, of the coarſe, and ſtill more that of the precious metals, at the moſt fertile mines in the world, muſt neceſſarily more or leſs affect their price at every other in it. The price of copper in Japan muſt have ſome influence upon its price at the copper mines in Europe. The price of ſilver in Peru, or the quantity either of labour or of other goods which it will purchaſe there, muſt have ſome influence on its price, not only at the ſilver mines of Europe, but at thoſe of China. After the diſcovery of the mines of Peru, the ſilver mines of Europe were, the greater part of them, abandoned. The value of ſilver was ſo much reduced that their produce could no longer pay the expence of working them, or replace, with a profit, the food, cloaths, lodging, and other neceſſaries which were conſumed in that operation. This was the caſe too with the mines of Cuba and St. Domingo, and even with

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the ancient mines of Peru, after the diſcovery of thoſe of Potoſi.

The price of every metal at every mine, therefore, being regulated in ſome meaſure by its price at the moſt fertile mine in the world that is actually wrought, it can at the greater part of mines do very little more than pay the expence of working, and can ſeldom afford a very high rent to the landlord. Rent, accordingly, ſeems at the greater part of mines to have but a ſmall ſhare in the price of the coarſe, and a ſtill ſmaller in that of the precious metals. Labour and profit make up the greater part of both.

A ſixth part of the groſs produce may be reckoned the average rent of the tin mines of Cornwall, the moſt fertile that are known in the world, as we are told by the Rev. Mr. Borlace, vice-warden of the ſtannaries. Some, he ſays, afford more, and ſome do not afford ſo much. A ſixth part of the groſs produce is the rent too of ſeveral very fertile lead mines in Scotland.

In the ſilver mines of Peru, we are told by Frezier and Ulloa, the proprietor frequently exacts no other acknowledgment from the undertaker of the mine, but that he will grind the ore at his mill, paying him the ordinary multure or price of grinding. Till 1736, indeed, the tax of the King of Spain amounted to one-fifth of the ſtandard ſilver, which till then might be conſidered as the real rent of the greater part of the ſilver mines of Peru, the richeſt which have been known in the world. If there had been

no

no tax, this fifth would naturally have belonged to the landlord, and many mines might have been wrought which could not then be wrought, becauſe they could not afford this tax. The tax of the Duke of Cornwall upon tin is ſuppoſed to amount to more than five per cent. or one-twentieth part of the value; and whatever may be his proportion, it would naturally too belong to the proprietor of the mine, if tin was duty free. But if you add one-twentieth to one-ſixth, you will find that the whole average rent of the tin mines of Cornwall, was to the whole average rent of the ſilver mines of Peru, as thirteen to twelve. But the ſilver mines of Peru are not now able to pay even this low rent, and the tax upon ſilver was, in 1736, reduced from one-fifth to one-tenth. Even this tax upon ſilver too gives more temptation to ſmuggling than the tax of one-twentieth upon tin; and ſmuggling muſt be much eaſier in the precious than in the bulky commodity. The tax of the King of Spain accordingly is ſaid to be very ill paid, and that of the Duke of Cornwall very well. Rent, therefore, it is probable, makes a greater part of the price of tin at the moſt fertile tin mines, than it does of ſilver at the moſt fertile ſilver mines in the world. After replacing the ſtock employed in working thoſe different mines, together with its ordinary profits, the reſidue which remains to the proprietor, is greater it ſeems in the coarſe, than in the precious metal.

Neither are the profits of the undertakers of ſilver mines commonly very great in Peru. The

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ſame moſt reſpectable and well informed authors acquaint us, that when any perſon undertakes to work a new mine in Peru, he is univerſally looked upon as a man deſtined to bankruptcy and ruin, and is upon that account ſhunned and avoided by every body. Mining, it ſeems, is conſidered there in the ſame light as here, as a lottery, in which the prizes do not compenſate the blanks, though the greatneſs of ſome tempts many adventurers to throw away their fortunes in ſuch unproſperous projects.

As the ſovereign, however, derives a conſiderable part of his revenue from the produce of ſilver mines, the law in Peru gives every poſſible encouragement to the diſcovery and working of new ones. Whoever diſcovers a new mine, is entitled to meaſure off two hundred and forty-ſix feet in length, according to what he ſuppoſes to be the direction of the vein, and half as much in breadth. He becomes proprietor of this portion of the mine, and can work it without paying any acknowledgment to the landlord. The intereſt of the Duke of Cornwall has given occaſion to a regulation nearly of the ſame kind in that ancient dutchy. In waſte and unincloſed lands any perſon who diſcovers a tin mine, may mark out its limits to a certain extent, which is called bounding a mine. The bounder becomes the real proprietor of the mine, and may either work it himſelf, or give it in leaſe to another, without the conſent of the owner of the land, to whom, however, a very ſmall acknowledgment muſt be paid upon working it. In both regula-

tions the ſacred rights of private property are ſacrificed to the ſuppoſe dintereſts of public revenue.

The ſame encouragement is given in Peru to the diſcovery and working of new gold mines; and in gold the king's tax amounts only to a twentieth part of the ſtandard metal. It was once a fifth, and afterwards a tenth, as in ſilver; but it was found that the work could not bear even the loweſt of theſe two taxes. If it is rare, however, ſay the ſame authors, Frezier and Ulloa, to find a perſon who has made his fortune by a ſilver, it is ſtill much rarer to find one who has done ſo by a gold mine. This twentieth part ſeems to be the whole rent which is paid by the greater part of the gold mines in Chili and Peru. Gold too is much more liable to be ſmuggled than even ſilver; not only on account of the ſuperior value of the metal in proportion to its bulk, but on account of the peculiar way in which nature produces it. Silver is very ſeldom found virgin, but, like moſt other metals, is generally mineralized with ſome other body, from which it is impoſſible to ſeparate it in ſuch quantities as will pay for the expence, but by a very laborious and tedious operation, which cannot well be carried on but in workhouſes erected for the purpoſe, and therefore expoſed to the inſpection of the king's officers. Gold, on the contrary, is almoſt always found virgin. It is ſometimes found in pieces of ſome bulk; and even when mixed in ſmall and almoſt inſenſible particles with ſand, earth, and other extraneous

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neous bodies, it can be ſeparated from them by a very ſhort and ſimple operation, which can be carried on in any private houſe by any body who is poſſeſſed of a ſmall quantity of mercury. If the king's tax, therefore, is but ill paid upon ſilver, it is likely to be much worſe paid upon gold; and rent muſt make a much ſmaller part of the price of gold, than even of that of ſilver.

The loweſt price at which the precious metals can be ſold, or the ſmalleſt quantity of other goods for which they can be exchanged during any conſiderable time, is regulated by the ſame principles which fix the loweſt ordinary price of all other goods. The ſtock which muſt commonly be employed, the food, cloaths, and lodging which muſt commonly be conſumed in bringing them from the mine to the market, determine it. It muſt at leaſt be ſufficient to replace that ſtock with the ordinary profits.

Their higheſt price, however, ſeems not to be neceſſarily determined by any thing but the actual ſcarcity or plenty of thoſe metals themſelves. It is not determined by that of any other commodity, in the ſame manner as the price of coals is by that of wood, beyond which no ſcarcity can ever raiſe it. Increaſe the ſcarcity of gold to a certain degree, and the ſmalleſt bit of it may become more precious than a diamond, and exchange for a greater quantity of other goods.

The demand for thoſe metals ariſes partly from their utility, and partly from their beauty. If you except iron, they are more uſeful than, perhaps, any other metal. As they are leſs liable

liable to ruſt and impurity, they can more eaſily be kept clean; and the utenſils either of the table or the kitchen are often upon that account more agreeable when made of them. A ſilver boiler is more cleanly than a lead, copper, or tin one; and the ſame quality would render a gold boiler ſtill better than a ſilver one. Their principal merit, however, ariſes from their beauty, which renders them peculiarly fit for the ornaments of dreſs and furniture. No paint or dye can give ſo ſplendid colour as gilding. The merit of their beauty is greatly enhanced by their ſcarcity. With the greater part of rich people, the chief enjoyment of riches conſiſts in the parade of riches, which in their eye is never ſo complete as when they appear to poſſeſs thoſe deciſive marks of opulence which nobody can poſſeſs but themſelves. In their eyes the merit of an object which is in any degree either uſeful or beautiful, is greatly enhanced by its ſcarcity, or by the great labour which it requires to collect any conſiderable quantity of it, a labour which nobody can afford to pay but themſelves. Such objects they are willing to purchaſe at a higher price than things much more beautiful and uſeful, but more common. Theſe qualities of utility, beauty, and ſcarcity, are the original foundation of the high price of thoſe metals, or of the great quantity of other goods for which they can every-where be exchanged. This value was antecedent to and independent of their being employed as coin, and was the quality which fitted them for that employment. That

BOOK I. employment, however, by occaſioning a new demand, and by diminiſhing the quantity which could be employed in any other way, may have afterwards contributed to keep up or increaſe their value.

The demand for the precious ſtones ariſes altogether from their beauty. They are of no uſe, but as ornaments; and the merit of their beauty is greatly enhanced by their ſcarcity, or by the difficulty and expence of getting them from the mine. Wages and profit accordingly make up, upon moſt occaſions, almoſt the whole of their high price. Rent comes in but for a very ſmall ſhare; frequently for no ſhare; and the moſt fertile mines only afford any conſiderable rent. When Tavernier, a jeweller, viſited the diamond mines of Golconda and Viſiapour, he was informed that the ſovereign of the country, for whoſe benefit they were wrought, had ordered all of them to be ſhut up, except thoſe which yield the largeſt and fineſt ſtones. The others, it ſeems, were to the proprietor not worth the working.

As the price both of the precious metals and of the precious ſtones is regulated all over the world by their price at the moſt fertile mine in it, the rent which a mine of either can afford to its proprietor is in proportion, not to its abſolute, but to what may be called its relative fertility, or to its ſuperiority over other mines of the ſame kind. If new mines were diſcovered as much ſuperior to thoſe of Potoſi as they were ſuperior to thoſe of Europe, the value of ſilver might be

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ſo much degraded as to render even the mines of Potoſi not worth the working. Before the diſcovery of the Spaniſh Weſt Indies, the moſt fertile mines in Europe may have afforded as great a rent to their proprietor as the richeſt mines in Peru do at preſent. Though the quantity of ſilver was much leſs, it might have exchanged for an equal quantity of other goods, and the proprietor's ſhare might have enabled him to purchaſe or command an equal quantity either of labour or of commodities. The value both of the produce and of the rent, the real revenue which they afforded both to the public and to the proprietor, might have been the ſame.

The moſt abundant mines either of the precious metals or of the precious ſtones could add little to the wealth of the world. A produce of which the value is principally derived from its ſcarcity, is neceſſarily degraded by its abundance. A ſervice of plate, and the other frivolous ornaments of dreſs and furniture, could be purchaſed for a ſmaller quantity of labour, or for a ſmaller quantity of commodities; and in this would conſiſt the ſole advantage which the world could derive from that abundance.

It is otherwiſe in eſtates above ground. The value both of their produce and of their rent is in proportion to their abſolute, and not to their relative fertility. The land which produces a certain quantity of food, cloaths, and lodging, can always feed, cloath, and lodge a certain number of people; and whatever may be the proportion of the landlord, it will always give him

BOOK I. him a proportionable command of the labour of thoſe people, and of the commodities with which that labour can ſupply him. The value of the moſt barren lands is not diminiſhed by the neighbourhood of the moſt fertile. On the contrary, it is generally increaſed by it. The great number of people maintained by the fertile lands afford a market to many parts of the produce of the barren, which they could never have found among thoſe whom their own produce could maintain.

Whatever increaſes the fertility of land in producing food, increaſes not only the value of the lands upon which the improvement is beſtowed, but contributes likewiſe to increaſe that of many other lands, by creating a new demand for their produce. That abundance of food, of which, in conſequence of the improvement of land, many people have the diſpoſal beyond what they themſelves can conſume, is the great cauſe of the demand both for the precious metals and the precious ſtones, as well as for every other conveniency and ornament of dreſs, lodging, houſhold furniture, and equipage. Food not only conſtitutes the principal part of the riches of the world, but it is the abundance of food which gives the principal part of their value to many other ſorts of riches. The poor inhabitants of Cuba and St. Domingo, when they were firſt diſcovered by the Spaniards, uſed to wear little bits of gold as ornaments in their hair and other parts of their dreſs. They ſeemed to value them as we would do any little pebbles of

somewhat more than ordinary beauty, and to consider them as just worth the picking up, but not worth the refusing to any body who asked them. They gave them to their new guests at the first request, without seeming to think that they had made them any very valuable present. They were astonished to observe the rage of the Spaniards to obtain them; and had no notion that there could any-where be a country in which many people had the disposal of so great a superfluity of food, so scanty always among themselves, that for a very small quantity of those glittering baubles they would willingly give as much as might maintain a whole family for many years. Could they have been made to understand this, the passion of the Spaniards would not have surprised them. CHAP. XI.

PART III.

Of the Variations in the Proportion between the respective Values of that Sort of Produce which always affords Rent, and of that which sometimes does and sometimes does not afford Rent.

THE increasing abundance of food, in consequence of increasing improvement and cultivation, must necessarily increase the demand for every part of the produce of land which is not food, and which can be applied either to use or to ornament. In the whole progress of improvement, it might therefore be expected, there should be only one variation in the comparative

BOOK I.

parative values of thoſe two different ſorts of produce. The value of that ſort which ſometimes does and ſometimes does not afford rent, ſhould conſtantly riſe in proportion to that which always affords ſome rent. As art and induſtry advance, the materials of cloathing and lodging, the uſeful foſſils and minerals of the earth, the precious metals and the precious ſtones ſhould gradually come to be more and more in demand, ſhould gradually exchange for a greater and a greater quantity of food, or in other words, ſhould gradually become dearer and dearer. This accordingly has been the caſe with moſt of theſe things upon moſt occaſions, and would have been the caſe with all of them upon all occaſions, if particular accidents had not upon ſome occaſions increaſed the ſupply of ſome of them in a ſtill greater proportion than the demand.

The value of a free-ſtone quarry, for example, will neceſſarily increaſe with the increaſing improvement and population of the country round about it; eſpecially if it ſhould be the only one in the neighbourhood. But the value of a ſilver mine, even though there ſhould not be another within a thouſand miles of it, will not neceſſarily increaſe with the improvement of the country in which it is ſituated. The market for the produce of a free-ſtone quarry can ſeldom extend more than a few miles round about it, and the demand muſt generally be in proportion to the improvement and population of that ſmall diſtrict. But the market for the produce of a

ſilver

ſilver mine may extend over the whole known world. Unleſs the world in general, therefore, be advancing in improvement and population, the demand for ſilver might not be at all increaſed by the improvement even of a large country in the neighbourhood of the mine. Even though the world in general were improving, yet if, in the courſe of its improvement, new mines ſhould be diſcovered, much more fertile than any which had been known before, though the demand for ſilver would neceſſarily increaſe, yet the ſupply might increaſe in ſo much a greater proportion, that the real price of that metal might gradually fall; that is, any given quantity, a pound weight of it, for example, might gradually purchaſe or command a ſmaller and a ſmaller quantity of labour, or exchange for a ſmaller and a ſmaller quantity of corn, the principal part of the ſubſiſtence of the labourer.

The great market for ſilver is the commercial and civilized part of the world.

If, by the general progreſs of improvement, the demand of this market ſhould increaſe, while at the ſame time the ſupply did not increaſe in the ſame proportion, the value of ſilver would gradually riſe in proportion to that of corn. Any given quantity of ſilver would exchange for a greater and a greater quantity of corn; or, in other words, the average money price of corn would gradually become cheaper and cheaper.

If, on the contrary, the ſupply, by ſome accident ſhould increaſe for many years together in a

BOOK I. greater proportion than the demand, that metal would gradually become cheaper and cheaper; or, in other words, the average money price of corn would, in ſpite of all improvements, gradually become dearer and dearer.

But if, on the other hand, the ſupply of the metal ſhould increaſe nearly in the ſame proportion as the demand, it would continue to purchaſe or exchange for nearly the ſame quantity of corn, and the average money price of corn would, in ſpite of all improvements, continue very nearly the ſame.

Theſe three ſeem to exhauſt all the poſſible combinations of events which can happen in the progreſs of improvement; and during the courſe of the four centuries preceding the preſent, if we may judge by what has happened both in France and Great Britain, each of thoſe three different combinations ſeem to have taken place in the European market, and nearly in the ſame order too in which I have here ſet them down.

Digreſſion concerning the Variations in the Value of Silver during the Courſe of the Four laſt Centuries.

FIRST PERIOD.

In 1350, and for ſome time before, the average price of the quarter of wheat in England ſeems not to have been eſtimated lower than four ounces of ſilver, Tower-weight, equal to about twenty ſhillings of our preſent money. From

this price it seems to have fallen gradually to two ounces of silver, equal to about ten shillings of our present money, the price at which we find it estimated in the beginning of the sixteenth century, and at which it seems to have continued to be estimated till about 1570. CHAP. XI.

In 1350, being the 25th of Edward III., was enacted what is called, The Statute of Labourers. In the preamble it complains much of the insolence of servants, who endeavoured to raise their wages upon their masters. It therefore ordains, that all servants and labourers should for the future be contented with the same wages and liveries (liveries in those times signified, not only cloaths, but provisions) which they had been accustomed to receive in the 20th year of the King, and the four preceding years; that upon this account their livery wheat should no-where be estimated higher than ten-pence a bushel, and that it should always be in the option of the master to deliver them either the wheat or the money. Ten-pence a bushel, therefore, had, in the 25th of Edward III., been reckoned a very moderate price of wheat, since it required a particular statute to oblige servants to accept of it in exchange for their usual livery of provisions; and it had been reckoned a reasonable price ten years before that, or in the 16th year of the King, the term to which the statute refers. But in the 16th year of Edward III., ten-pence contained about half an ounce of silver, Tower-weight, and was nearly equal to half a crown of our present money. Four ounces of silver, Tower-weight,

BOOK I.

therefore, equal to ſix ſhillings and eight-pence of the money of thoſe times, and to near twenty ſhillings of that of the preſent, muſt have been reckoned a moderate price for the quarter of eight buſhels.

This ſtatute is ſurely a better evidence of what was reckoned in thoſe times a moderate price of grain, than the prices of ſome particular years which have generally been recorded by hiſtorians and other writers on account of their extraordinary dearneſs or cheapneſs, and from which, therefore, it is difficult to form any judgment concerning what may have been the ordinary price. There are, beſides, other reaſons for believing that in the beginning of the fourteenth century, and for ſome time before, the common price of wheat was not leſs than four ounces of ſilver the quarter, and that of other grain in proportion.

In 1309, Ralph de Born, Prior of St. Auguſtine's, Canterbury, gave a feaſt upon his inſtallation-day, of which William Thorn has preſerved, not only the bill of fare, but the prices of many particulars. In that feaſt were conſumed, 1ſt, Fifty-three quarters of wheat, which coſt nineteen pounds, or ſeven ſhillings and two-pence a quarter, equal to about one-and-twenty ſhillings and ſix-pence of our preſent money; 2dly, Fifty-eight quarters of malt, which coſt ſeventeen pounds ten ſhillings, or ſix ſhillings a quarter, equal to about eighteen ſhillings of our preſent money; 3dly, Twenty quarters of oats, which coſt four pounds, or four ſhillings a quarter,

ter, equal to about twelve ſhillings of our preſent money. The prices of malt and oats ſeem here to be higher than their ordinary proportion to the price of wheat. CHAP. XI.

Theſe prices are not recorded on account of their extraordinary dearneſs or cheapneſs, but are mentioned accidentally as the prices actually paid for large quantities of grain conſumed at a feaſt which was famous for its magnificence.

In 1262, being the 51ſt of Henry III, was revived an ancient ſtatute called, *The Aſſize of Bread and Ale*, which, the King ſays in the preamble, had been made in the times of his progenitors, ſometime kings of England. It is probably, therefore, as old at leaſt as the time of his grandfather Henry II., and may have been as old as the conqueſt. It regulates the price of bread according as the prices of wheat may happen to be, from one ſhilling to twenty ſhillings the quarter of the money of thoſe times. But ſtatutes of this kind are generally preſumed to provide with equal care for all deviations from the middle price, for thoſe below it as well as for thoſe above it. Ten ſhillings, therefore, containing ſix ounces of ſilver, Tower-weight, and equal to about thirty ſhillings of our preſent money, muſt, upon this ſuppoſition, have been reckoned the middle price of the quarter of wheat when this ſtatute was firſt enacted, and muſt have continued to be ſo in the 51ſt of Henry III. We cannot therefore be very wrong in ſuppoſing that the middle price was not leſs than one-third of the higheſt price at which this

BOOK I. ſtatute regulates the price of bread, or than ſix ſhillings and eight-pence of the money of thoſe times, containing four ounces of ſilver, Tower-weight.

From theſe different facts, therefore, we ſeem to have ſome reaſon to conclude, that about the middle of the fourteenth century, and for a conſiderable time before, the average or ordinary price of the quarter of wheat was not ſuppoſed to be leſs than four ounces of ſilver, Tower-weight.

From about the middle of the fourteenth to the beginning of the ſixteenth century, what was reckoned the reaſonable and moderate, that is, the ordinary or average price of wheat, ſeems to have ſunk gradually to about one-half of this price; ſo as at laſt to have fallen to about two ounces of ſilver, Tower-weight, equal to about ten ſhillings of our preſent money. It continued to be eſtimated at this price till about 1570.

In the houſhold book of Henry, the fifth Earl of Northumberland, drawn up in 1512, there are two different eſtimations of wheat. In one of them it is computed at ſix ſhillings and eight-pence the quarter, in the other at five ſhillings and eight-pence only. In 1512, ſix ſhillings and eight-pence contained only two ounces of ſilver, Tower-weight, and were equal to about ten ſhillings of our preſent money.

From the 25th of Edward III. to the beginning of the reign of Elizabeth, during the ſpace of more than two hundred years, ſix ſhillings and eight-pence, it appears from ſeveral different ſtatutes, had continued to be conſidered as what

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is called the moderate and reaſonable, that is the ordinary or average price of wheat. The quantity of ſilver, however, contained in that nominal ſum was, during the courſe of this period, continually diminiſhing, in conſequence of ſome alterations which were made in the coin. But the increaſe of the value of ſilver had, it ſeems, ſo far compenſated the diminution of the quantity of it contained in the ſame nominal ſum, that the legiſlature did not think it worth while to attend to this circumſtance. CHAP. XI.

Thus in 1436 it was enacted, that wheat might be exported without a licence when the price was ſo low as ſix ſhillings and eight-pence: And in 1463 it was enacted, that no wheat ſhould be imported if the price was not above ſix ſhillings and eight-pence the quarter. The legiſlature had imagined, that when the price was ſo low, there could be no inconveniency in exportation, but that when it roſe higher, it became prudent to allow of importation. Six ſhillings and eight-pence, therefore, containing about the ſame quantity of ſilver as thirteen ſhillings and four-pence of our preſent money (one-third part leſs than the ſame nominal ſum contained in the time of Edward III.), had in thoſe times been conſidered as what is called the moderate and reaſonable price of wheat.

In 1554, by the 1ſt and 2d of Philip and Mary; and in 1558, by the 1ſt of Elizabeth, the exportation of wheat was in the ſame manner prohibited, whenever the price of the quarter ſhould exceed ſix ſhillings and eight-pence, which

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which did not then contain two-penny worth more ſilver than the ſame nominal ſum does at preſent. But it had ſoon been found that to reſtrain the exportation of wheat till the price was ſo very low, was, in reality, to prohibit it altogether. In 1562, therefore, by the 5th of Elizabeth, the exportation of wheat was allowed from certain ports whenever the price of the quarter ſhould not exceed ten ſhillings, containing nearly the ſame quantity of ſilver as the like nominal ſum does at preſent. This price had at this time, therefore, been conſidered as what is called the moderate and reaſonable price of wheat. It agrees nearly with the eſtimation of the Northumberland book in 1512.

That in France the average price of grain was, in the ſame manner, much lower in the end of the fifteenth and beginning of the ſixteenth century, than in the two centuries preceding, has been obſerved both by Mr. Duprè de St. Maur, and by the elegant author of the Eſſay on the Police of Grain. Its price, during the ſame period, had probably ſunk in the ſame manner through the greater part of Europe.

This riſe in the value of ſilver, in proportion to that of corn, may either have been owing altogether to the increaſe of the demand for that metal, in conſequence of increaſing improvement and cultivation, the ſupply in the mean time continuing the ſame as before: Or, the demand continuing the ſame as before, it may have been owing altogether to the gradual diminution of the ſupply; the greater part of the mines which

which were then known in the world, being much exhauſted, and conſequently the expence of working them much increaſed: Or it may have been owing partly to the one and partly to the other of thoſe two circumſtances. In the end of the fifteenth and beginning of the ſixteenth centuries, the greater part of Europe was approaching towards a more ſettled form of government than it had enjoyed for ſeveral ages before. The increaſe of ſecurity would naturally increaſe induſtry and improvement; and the demand for the precious metals, as well as for every other luxury and ornament, would naturally increaſe with the increaſe of riches. A greater annual produce would require a greater quantity of coin to circulate it; and a greater number of rich people would require a greater quantity of plate and other ornaments of ſilver. It is natural to ſuppoſe too, that the greater part of the mines which then ſupplied the European market with ſilver, might be a good deal exhauſted, and have become more expenſive in the working. They had been wrought many of them from the time of the Romans. CHAP. XI.

It has been the opinion, however, of the greater part of thoſe who have written upon the prices of commodities in ancient times, that, from the Conqueſt, perhaps from the invaſion of Julius Cæſar, till the diſcovery of the mines of America, the value of ſilver was continually diminiſhing. This opinion they ſeem to have been led into, partly by the obſervations which they had occaſion to make upon the prices both of

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of corn and of ſome other parts of the rude produce of land; and partly by the popular notion, that as the quantity of ſilver naturally increaſes in every country with the increaſe of wealth, ſo its value diminiſhes as its quantity increaſes.

In their obſervations upon the prices of corn, three different circumſtances ſeem frequently to have miſled them.

Firſt, In ancient times almoſt all rents were paid in kind; in a certain quantity of corn, cattle, poultry, &c. It ſometimes happened, however, that the landlord would ſtipulate, that he ſhould be at liberty to demand of the tenant, either the annual payment in kind, or a certain ſum of money inſtead of it. The price at which the payment in kind was in this manner exchanged for a certain ſum of money, is in Scotland called the converſion price. As the option is always in the landlord to take either the ſubſtance or the price, it is neceſſary for the ſafety of the tenant, that the converſion price ſhould rather be below than above the average market price. In many places, accordingly, it is not much above one-half of this price. Through the greater part of Scotland this cuſtom ſtill continues with regard to poultry, and in ſome places with regard to cattle. It might probably have continued to take place too with regard to corn, had not the inſtitution of the public fiars put an end to it. Theſe are annual valuations, according to the judgment of an aſſize, of the average price of all the different ſorts of grain, and of all the different qualities of each, according

ing to the actual market price in every different county. This inſtitution rendered it ſufficiently ſafe for the tenant, and much more convenient for the landlord, to convert, as they call it, the corn rent, rather at what ſhould happen to be the price of the ſiars of each year, than at any certain fixed price. But the writers who have collected the prices of corn in ancient times, ſeem frequently to have miſtaken what is called in Scotland the converſion price for the actual market price. Fleetwood acknowledges, upon one occaſion, that he had made this miſtake. As he wrote his book, however, for a particular purpoſe, he does not think proper to make this acknowledgment till after tranſcribing this converſion price fifteen times. The price is eight ſhillings the quarter of wheat. This ſum in 1423, the year at which he begins with it, contained the ſame quantity of ſilver as ſixteen ſhillings of our preſent money. But in 1562, the year at which he ends with it, it contained no more than the ſame nominal ſum does at preſent. CHAP. XI.

Secondly, They have been miſled by the ſlovenly manner in which ſome ancient ſtatutes of aſſize had been ſometimes tranſcribed by lazy copiers; and ſometimes perhaps actually compoſed by the legiſlature.

The ancient ſtatutes of aſſize ſeem to have begun always with determining what ought to be the price of bread and ale when the price of wheat and barley were at the loweſt, and to have proceeded gradually to determine what it ought to

BOOK I. to be, according as the prices of thoſe two ſorts of grain ſhould gradually riſe above this loweſt price. But the tranſcribers of thoſe ſtatutes ſeem frequently to have thought it ſufficient to copy the regulation as far as the three or four firſt and loweſt prices; ſaving in this manner their own labour, and judging, I ſuppoſe, that this was enough to ſhow what proportion ought to be obſerved in all higher prices.

Thus, in the aſſize of bread and ale of the 51ſt of Henry III., the price of bread was regulated according to the different prices of wheat, from one ſhilling to twenty ſhillings the quarter of the money of thoſe times. But in the manuſcripts from which all the different editions of the ſtatutes, preceding that of Mr. Ruffhead, were printed, the copiers had never tranſcribed this regulation beyond the price of twelve ſhillings. Several writers, therefore, being miſled by this faulty tranſcription, very naturally concluded that the middle price, or ſix ſhillings the quarter, equal to about eighteen ſhillings of our preſent money, was the ordinary or average price of wheat at that time.

In the ſtatute of Tumbrel and Pillory, enacted nearly about the ſame time, the price of ale is regulated according to every ſixpence riſe in the price of barley, from two ſhillings to four ſhillings the quarter. That four ſhillings, however, was not conſidered as the higheſt price to which barley might frequently riſe in thoſe times, and that theſe prices were only given as an example of the proportion which ought to be obſerved in all

all other prices, whether higher or lower, we may infer from the laſt words of the ſtatute; "et ſic "deinceps creſcetur vel diminuetur per ſex de- "narios." The expreſſion is very ſlovenly, but the meaning is plain enough; "That the price "of ale is in this manner to be increaſed or di- "miniſhed according to every ſixpence riſe or "fall in the price of barley." In the compoſition of this ſtatute the legiſlature itſelf ſeems to have been as negligent as the copiers were in the tranſcription of the other. CHAP. XI.

In an ancient manuſcript of the Regiam Majeſtatem, an old Scotch law book, there is a ſtatute of aſſize, in which the price of bread is regulated according to all the different prices of wheat, from ten-pence to three ſhillings the Scotch boll, equal to about half an Engliſh quarter. Three ſhillings Scotch, at the time when this aſſize is ſuppoſed to have been enacted, were equal to about nine ſhillings ſterling of our preſent money. Mr. Ruddiman ſeems * to conclude from this, that three ſhillings was the higheſt price to which wheat ever roſe in thoſe times, and that ten-pence, a ſhilling, or at moſt two ſhillings, were the ordinary prices. Upon conſulting the manuſcript, however, it appears evidently that all theſe prices are only ſet down as examples of the proportion which ought to be obſerved between the reſpective prices of wheat and bread. The laſt words of the ſtatute are, "reliqua judicabis ſecundum præſcripta ha- "bendo reſpectum ad pretium bladi." "You

* See his preface to Anderſon's Diplomata Scotiæ.

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"shall judge of the remaining cases according "to what is above written, having a respect to "the price of corn."

Thirdly, They seem to have been misled too by the very low price at which wheat was sometimes sold in very ancient times; and to have imagined, that as its lowest price was then much lower than in later times, its ordinary price must likewise have been much lower. They might have found, however, that in those ancient times, its highest price was fully as much above, as its lowest price was below any thing that had ever been known in later times. Thus, in 1270, Fleetwood gives us two prices of the quarter of wheat. The one is four pounds sixteen shillings of the money of those times, equal to fourteen pounds eight shillings of that of the present; the other is six pounds eight shillings, equal to nineteen pounds four shillings of our present money. No price can be found in the end of the fifteenth, or beginning of the sixteenth century, which approaches to the extravagance of these. The price of corn, though at all times liable to variation, varies most in those turbulent and disorderly societies, in which the interruption of all commerce and communication hinders the plenty of one part of the country from relieving the scarcity of another. In the disorderly state of England under the Plantagenets, who governed it from about the middle of the twelfth, till towards the end of the fifteenth century, one district might be in plenty, while another at no great distance, by having its crop destroyed either

either by ſome accident of the ſeaſons, or by the incurſion of ſome neighbouring baron, might be ſuffering all the horrors of a famine; and yet if the lands of ſome hoſtile lord were interpoſed between them, the one might not be able to give the leaſt aſſiſtance to the other. Under the vigorous adminiſtration of the Tudors, who governed England during the latter part of the fifteenth, and through the whole of the ſixteenth century, no baron was powerful enough to dare to diſturb the public ſecurity. CHAP. XI.

The reader will find at the end of this chapter all the prices of wheat which have been collected by Fleetwood from 1202 to 1597, both incluſive, reduced to the money of the preſent times, and digeſted according to the order of time, into ſeven diviſions of twelve years each. At the end of each diviſion too, he will find the average price of the twelve years of which it conſiſts. In that long period of time, Fleetwood has been able to collect the prices of no more than eighty years, ſo that four years are wanting to make out the laſt twelve years. I have added, therefore, from the accounts of Eton College, the prices of 1598, 1599, 1600, and 1601. It is the only addition which I have made. The reader will ſee, that from the beginning of the thirteenth, till after the middle of the ſixteenth century, the average price of each twelve years grows gradually lower and lower; and that towards the end of the ſixteenth century it begins to riſe again. The prices, indeed, which Fleetwood has been able to collect, ſeem to have been thoſe chiefly

BOOK I. which were remarkable for extraordinary dearneſs or cheapneſs; and I do not pretend that any very certain concluſion can be drawn from them. So far, however, as they prove any thing at all, they confirm the account which I have been endeavouring to give. Fleetwood himſelf, however, ſeems, with moſt other writers, to have believed, that during all this period the value of ſilver, in conſequence of its increaſing abundance, was continually diminiſhing. The prices of corn which he himſelf has collected, certainly do not agree with this opinion. They agree perfectly with that of Mr. Duprè de St. Maur, and with that which I have been endeavouring to explain. Biſhop Fleetwood and Mr. Duprè de St. Maur are the two authors who ſeem to have collected, with the greateſt diligence and fidelity, the prices of things in ancient times. It is ſomewhat curious that, though their opinions are ſo very different, their facts, ſo far as they relate to the price of corn at leaſt, ſhould coincide ſo very exactly.

It is not, however, ſo much from the low price of corn, as from that of ſome other parts of the rude produce of land, that the moſt judicious writers have inferred the great value of ſilver in thoſe very ancient times. Corn, it has been ſaid, being a ſort of manufacture, was, in thoſe rude ages, much dearer in proportion than the greater part of other commodities; it is meant, I ſuppoſe, than the greater part of unmanufactured commodities; ſuch as cattle, poultry, game of all kinds, &c. That in thoſe times of poverty and barbariſm theſe were proportionably

ably much cheaper than corn, is undoubtedly true. But this cheapneſs was not the effect of the high value of ſilver, but of the low value of thoſe commodities. It was not becauſe ſilver would in ſuch times purchaſe or repreſent a greater quantity of labour, but becauſe ſuch commodities would purchaſe or repreſent a much ſmaller quantity than in times of more opulence and improvement. Silver muſt certainly be cheaper in Spaniſh America than in Europe; in the country where it is produced, than in the country to which it is brought at the expence of a long carriage both by land and by ſea, of a freight and an inſurance. One-and-twenty pence halfpenny ſterling, however, we are told by Ulloa, was, not many years ago, at Buenos Ayres, the price of an ox choſen from a herd of three or four hundred. Sixteen ſhillings ſterling, we are told by Mr. Byron, was the price of a good horſe in the capital of Chili. In a country naturally fertile, but of which the far greater part is altogether uncultivated, cattle, poultry, game of all kinds, &c. as they can be acquired with a very ſmall quantity of labour, ſo they will purchaſe or command but a very ſmall quantity. The low money price for which they may be ſold, is no proof that the real value of ſilver is there very high, but that the real value of thoſe commodities is very low.

CHAP. XI.

Labour, it muſt always be remembered, and not any particular commodity or ſet of commodities, is the real meaſure of the value both of ſilver and of all other commodities.

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But in countries almoſt waſte, or but thinly inhabited, cattle, poultry, game of all kinds, &c. as they are the ſpontaneous productions of nature, ſo ſhe frequently produces them in much greater quantities than the conſumption of the inhabitants requires. In ſuch a ſtate of things the ſupply commonly exceeds the demand. In different ſtates of ſociety, in different ſtages of improvement, therefore, ſuch commodities will repreſent, or be equivalent to, very different quantities of labour.

In every ſtate of ſociety, in every ſtage of improvement, corn is the production of human induſtry. But the average produce of every ſort of induſtry is always ſuited, more or leſs exactly, to the average conſumption; the average ſupply to the average demand. In every different ſtage of improvement, beſides, the raiſing of equal quantities of corn in the ſame ſoil and climate, will, at an average, require nearly equal quantities of labour; or what comes to the ſame thing, the price of nearly equal quantities; the continual increaſe of the productive powers of labour in an improved ſtate of cultivation, being more or leſs counterbalanced by the continually increaſing price of cattle, the principal inſtruments of agriculture. Upon all theſe accounts, therefore, we may reſt aſſured, that equal quantities of corn will, in every ſtate of ſociety, in every ſtage of improvement, more nearly repreſent, or be equivalent to, equal quantities of labour, than equal quantities of any other part of the rude produce of land. Corn, accordingly,

it has already been obſerved, is, in all the different ſtages of wealth and improvement, a more accurate meaſure of value than any other commodity or ſet of commodities. In all thoſe different ſtages, therefore, we can judge better of the real value of ſilver, by comparing it with corn, than by comparing it with any other commodity, or ſet of commodities.

Corn, beſides, or whatever elſe is the common and favourite vegetable food of the people, conſtitutes, in every civilized country, the principal part of the ſubſiſtence of the labourer. In conſequence of the extenſion of agriculture, the land of every country produces a much greater quantity of vegetable than of animal food, and the labourer every-where lives chiefly upon the wholeſome food that is cheapeſt and moſt abundant. Butcher's meat, except in the moſt thriving countries, or where labour is moſt highly rewarded, makes but an inſignificant part of his ſubſiſtence; poultry makes a ſtill ſmaller part of it, and game no part of it. In France, and even in Scotland, where labour is ſomewhat better rewarded than in France, the labouring poor ſeldom eat butcher's-meat, except upon holidays, and other extraordinary occaſions. The money price of labour, therefore, depends much more upon the average money price of corn, the ſubſiſtence of the labourer, than upon that of butcher's meat, or of any other part of the rude produce of land. The real value of gold and ſilver, therefore, the real quantity of labour which they can purchaſe or command, depends much more upon the quantity of corn which they can

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purchaſe or command, than upon that of butcher's-meat, or any other part of the rude produce of land.

Such ſlight obſervations, however, upon the prices either of corn or of other commodities, would not probably have miſled ſo many intelligent authors, had they not been influenced, at the ſame time, by the popular notion, that as the quantity of ſilver naturally increaſes in every country with the increaſe of wealth, ſo its value diminiſhes as its quantity increaſes. This notion, however, ſeems to be altogether groundleſs.

The quantity of the precious metals may increaſe in any country from two different cauſes: either, firſt, from the increaſed abundance of the mines which ſupply it; or, ſecondly, from the increaſed wealth of the people, from the increaſed produce of their annual labour. The firſt of theſe cauſes is no doubt neceſſarily connected with the diminution of the value of the precious metals; but the ſecond is not.

When more abundant mines are diſcovered, a greater quantity of the precious metals is brought to market, and the quantity of the neceſſaries and conveniencies of life for which they muſt be exchanged being the ſame as before, equal quantities of the metals muſt be exchanged for ſmaller quantities of commodities. So far, therefore, as the increaſe of the quantity of the precious metals in any country ariſes from the increaſed abundance of the mines, it is neceſſarily connected with ſome diminution of their value.

When, on the contrary, the wealth of any country increaſes, when the annual produce of its

its labour becomes gradually greater and greater, a greater quantity of coin becomes neceſſary in order to circulate a greater quantity of commodities: and the people, as they can afford it, as they have more commodities to give for it, will naturally purchaſe a greater and a greater quantity of plate. The quantity of their coin will increaſe from neceſſity; the quantity of their plate from vanity and oſtentation, or from the ſame reaſon that the quantity of fine ſtatues, pictures, and of every other luxury and curioſity, is likely to increaſe among them. But as ſtatuaries and painters are not likely to be worſe rewarded in times of wealth and proſperity, than in times of poverty and depreſſion, ſo gold and ſilver are not likely to be worſe paid for. CHAP. XI.

The price of gold and ſilver, when the accidental diſcovery of more abundant mines does not keep it down, as it naturally riſes with the wealth of every country, ſo, whatever be the ſtate of the mines, it is at all times naturally higher in a rich than in a poor country. Gold and ſilver, like all other commodities, naturally ſeek the market where the beſt price is given for them, and the beſt price is commonly given for every thing in the country which can beſt afford it. Labour, it muſt be remembered, is the ultimate price which is paid for every thing, and in countries where labour is equally well rewarded, the money price of labour will be in proportion to that of the ſubſiſtence of the labourer. But gold and ſilver will naturally exchange for a greater quantity of ſubſiſtence in a rich than in a

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poor country, in a country which abounds with ſubſiſtence, than in one which is but indifferently ſupplied with it. If the two countries are at a great diſtance, the difference may be very great; becauſe though the metals naturally fly from the worſe to the better market, yet it may be difficult to tranſport them in ſuch quantities as to bring their price nearly to a level in both. If the countries are near, the difference will be ſmaller, and may ſometimes be ſcarce perceptible; becauſe in this caſe the tranſportation will be eaſy. China is a much richer country than any part of Europe, and the difference between the price of ſubſiſtence in China and in Europe is very great. Rice in China is much cheaper than wheat is any-where in Europe. England is a much richer country than Scotland; but the difference between the money-price of corn in thoſe two countries is much ſmaller, and is but juſt perceptible. In proportion to the quantity or meaſure, Scotch corn generally appears to be a good deal cheaper than Engliſh; but in proportion to its quality, it is certainly ſomewhat dearer. Scotland receives almoſt every year very large ſupplies from England, and every commodity muſt commonly be ſomewhat dearer in the country to which it is brought than in that from which it comes. Engliſh corn, therefore, muſt be dearer in Scotland than in England, and yet in proportion to its quality, or to the quantity and goodneſs of the flour or meal which can be made from it, it cannot commonly be ſold higher there than the Scotch

Scotch corn, which comes to market in competition with it. CHAP. XI.

The difference between the money price of labour in China and in Europe, is ſtill greater than that between the money price of ſubſiſtence; becauſe the real recompence of labour is higher in Europe than in China, the greater part of Europe being in an improving ſtate, while China ſeems to be ſtanding ſtill. The money price of labour is lower in Scotland than in England, becauſe the real recompence of labour is much lower; Scotland, though advancing to greater wealth, advancing much more ſlowly than England. The frequency of emigration from Scotland, and the rarity of it from England, ſufficiently prove that the demand for labour is very different in the two countries. The proportion between the real recompence of labour in different countries, it muſt be remembered, is naturally regulated, not by their actual wealth or poverty, but by their advancing, ſtationary, or declining condition.

Gold and ſilver, as they are naturally of the greateſt value among the richeſt, ſo they are naturally of the leaſt value among the pooreſt nations. Among ſavages, the pooreſt of all nations, they are of ſcarce any value.

In great towns corn is always dearer than in remote parts of the country. This, however, is the effect, not of the real cheapneſs of ſilver, but of the real dearneſs of corn. It does not coſt leſs labour to bring ſilver to the great town than to the remote parts of the country; but it coſts a great deal more to bring corn.

In

BOOK I. In ſome very rich and commercial countries, ſuch as Holland and the territory of Genoa, corn is dear for the ſame reaſon that it is dear in great towns. They do not produce enough to maintain their inhabitants. They are rich in the induſtry and ſkill of their artificers and manufacturers; in every ſort of machinery which can facilitate and abridge labour; in ſhipping, and in all the other inſtruments and means of carriage and commerce: but they are poor in corn, which, as it muſt be brought to them from diſtant countries, muſt, by an addition to its price, pay for the carriage from thoſe countries. It does not coſt leſs labour to bring ſilver to Amſterdam than to Dantzick; but it coſts a great deal more to bring corn. The real coſt of ſilver muſt be nearly the ſame in both places; but that of corn muſt be very different. Diminiſh the real opulence either of Holland or of the territory of Genoa, while the number of their inhabitants remains the ſame: diminiſh their power of ſupplying themſelves from diſtant countries; and the price of corn, inſtead of ſinking with that diminution in the quantity of their ſilver, which muſt neceſſarily accompany this declenſion either as its cauſe or as its effect, will riſe to the price of a famine. When we are in want of neceſſaries we muſt part with all ſuperfluities, of which the value, as it riſes in times of opulence and proſperity, ſo it ſinks in times of poverty and diſtreſs. It is otherwiſe with neceſſaries. Their real price, the quantity of labour which they can purchaſe or command, riſes in times

times of poverty and diſtreſs, and ſinks in times of opulence and proſperity, which are always times of great abundance; for they could not otherwiſe be times of opulence and proſperity. Corn is a neceſſary, ſilver is only a ſuperfluity.

Whatever, therefore, may have been the increaſe in the quantity of the precious metals, which, during the period between the middle of the fourteenth and that of the ſixteenth century, aroſe from the increaſe of wealth and improvement, it could have no tendency to diminiſh their value either in Great Britain, or in any other part of Europe. If thoſe who have collected the prices of things in ancient times, therefore, had, during this period, no reaſon to infer the diminution of the value of ſilver, from any obſervations which they had made upon the prices either of corn or of other commodities, they had ſtill leſs reaſon to infer it from any ſuppoſed increaſe of wealth and improvement.

SECOND PERIOD.

But how various ſoever may have been the opinions of the learned concerning the progreſs of the value of ſilver during this firſt period, they are unanimous concerning it during the ſecond.

From about 1570 to about 1640, during a period of about ſeventy years, the variation in the proportion between the value of ſilver and that of corn, held a quite oppoſite courſe. Silver

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ver ſunk in its real value, or would exchange for a ſmaller quantity of labour than before; and corn roſe in its nominal price, and inſtead of being commonly ſold for about two ounces of ſilver the quarter, or about ten ſhillings of our preſent money, came to be ſold for ſix and eight ounces of ſilver the quarter, or about thirty and forty ſhillings of our preſent money.

The diſcovery of the abundant mines of America, ſeems to have been the ſole cauſe of this diminution in the value of ſilver in proportion to that of corn. It is accounted for accordingly in the ſame manner by every body; and there never has been any diſpute either about the fact, or about the cauſe of it. The greater part of Europe was, during this period, advancing in induſtry and improvement, and the demand for ſilver muſt conſequently have been increaſing. But the increaſe of the ſupply had, it ſeems, ſo far exceeded that of the demand, that the value of that metal ſunk conſiderably. The diſcovery of the mines of America, it is to be obſerved, does not ſeem to have had any very ſenſible effect upon the prices of things in England till after 1570; though even the mines of Potoſi had been diſcovered more than twenty years before.

From 1595 to 1620, both incluſive, the average price of the quarter of nine buſhels of the beſt wheat at Windſor market, appears from the accounts of Eton College, to have been 2*l.* 1*s.* $6\frac{9}{11}$*d.* From which ſum, neglecting the fraction, and deducting a ninth, or 4*s.* $7\frac{1}{9}$*d.*

the

the price of the quarter of eight buſhels comes out to have been 1*l.* 16*s.* 10$\frac{1}{3}$*d.* And from this ſum, neglecting likewiſe the fraction, and deducting a ninth, or 4*s.* 1$\frac{1}{9}$*d.*, for the difference between the price of the beſt wheat and that of the middle wheat, the price of the middle wheat comes out to have been about 1*l.* 12*s.* 8$\frac{2}{9}$*d.*, or about ſix ounces and one-third of an ounce of ſilver. CHAP. XI.

From 1621 to 1636, both incluſive, the average price of the ſame meaſure of the beſt wheat at the ſame market, appears, from the ſame accounts, to have been 2*l.* 10*s.*; from which, making the like deductions as in the foregoing caſe, the average price of the quarter of eight buſhels of middle wheat comes out to have been 1*l.* 19*s.* 6*d.*, or about ſeven ounces and two-thirds of an ounce of ſilver.

THIRD PERIOD.

Between 1630 and 1640, or about 1636, the effect of the diſcovery of the mines of America in reducing the value of ſilver, appears to have been completed, and the value of that metal ſeems never to have ſunk lower in proportion to that of corn than it was about that time. It ſeems to have riſen ſomewhat in the courſe of the preſent century, and it had probably begun to do ſo even ſome time before the end of the laſt.

From 1637 to 1700, both incluſive, being the ſixty-four laſt years of the laſt century, the average

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rage price of the quarter of nine buſhels of the beſt wheat at Windſor market, appears, from the ſame accounts, to have been 2*l.* 11*s.* $0\frac{1}{2}d.$; which is only 1*s.* $0\frac{1}{2}d.$ dearer than it had been during the ſixteen years before. But in the courſe of theſe ſixty-four years there happened two events which muſt have produced a much greater ſcarcity of corn than what the courſe of the ſeaſons would otherwiſe have occaſioned, and which, therefore, without ſuppoſing any further reduction in the value of ſilver, will much more than account for this very ſmall enhancement of price.

The firſt of theſe events was the civil war, which, by diſcouraging tillage and interrupting commerce, muſt have raiſed the price of corn much above what the courſe of the ſeaſons would otherwiſe have occaſioned. It muſt have had this effect more or leſs at all the different markets in the kingdom, but particularly at thoſe in the neighbourhood of London, which require to be ſupplied from the greateſt diſtance. In 1648, accordingly, the price of the beſt wheat at Windſor market, appears, from the ſame accounts, to have been 4*l.* 5*s.* and in 1649 to have been 4*l.* the quarter of nine buſhels. The exceſs of thoſe two years above 2*l.* 10*s.* (the average price of the ſixteen years preceding 1637) is 3*l.* 5*s.*; which divided among the ſixty-four laſt years of the laſt century, will alone very nearly account for that ſmall enhancement of price which ſeems to have taken place in them. Theſe, however, though the higheſt, are by no means

means the only high prices which ſeem to have been occaſioned by the civil wars. CHAP. XI.

The ſecond event was the bounty upon the exportation of corn, granted in 1688. The bounty, it has been thought by many people, by encouraging tillage, may, in a long courſe of years, have occaſioned a greater abundance, and conſequently a greater cheapneſs of corn in the home-market, than what would otherwiſe have taken place there. How far the bounty could produce this effect at any time, I ſhall examine hereafter; I ſhall only obſerve at preſent, that between 1688 and 1700, it had not time to produce any ſuch effect. During this ſhort period its only effect muſt have been, by encouraging the exportation of the ſurplus produce of every year, and thereby hindering the abundance of one year from compenſating the ſcarcity of another, to raiſe the price in the home-market. The ſcarcity which prevailed in England from 1693 to 1699, both incluſive, though no doubt principally owing to the badneſs of the ſeaſons, and, therefore, extending through a conſiderable part of Europe, muſt have been ſomewhat enhanced by the bounty. In 1699, accordingly, the further exportation of corn was prohibited for nine months.

There was a third event which occurred in the courſe of the ſame period, and which, though it could not occaſion any ſcarcity of corn, nor, perhaps, any augmentation in the real quantity of ſilver which was uſually paid for it, muſt neceſſarily have occaſioned ſome augmentation in

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the nominal ſum. This event was the great debaſement of the ſilver coin, by clipping and wearing. This evil had begun in the reign of Charles II. and had gone on continually increaſing till 1695; at which time, as we may learn from Mr. Lowndes, the current ſilver coin was, at an average, near five-and-twenty per cent. below its ſtandard value. But the nominal ſum which conſtitutes the market-price of every commodity is neceſſarily regulated, not ſo much by the quantity of ſilver, which, according to the ſtandard, ought to be contained in it, as by that which, it is found by experience, actually is contained in it. This nominal ſum, therefore, is neceſſarily higher when the coin is much debaſed by clipping and wearing, than when near to its ſtandard value.

In the courſe of the preſent century, the ſilver coin has not at any time been more below its ſtandard weight than it is at preſent. But though very much defaced, its value has been kept up by that of the gold coin for which it is exchanged. For though before the late re-coinage, the gold coin was a good deal defaced too, it was leſs ſo than the ſilver. In 1695, on the contrary, the value of the ſilver coin was not kept up by the gold coin; a guinea then commonly exchanging for thirty ſhillings of the worn and clipt ſilver. Before the late re-coinage of the gold, the price of ſilver bullion was ſeldom higher than five ſhillings and ſeven-pence an ounce, which is but five-pence above the mint price. But in 1695, the common price of ſilver bullion was ſix ſhillings

lings and five-pence an ounce*, which is fifteen-pence above the mint price. Even before the late re-coinage of the gold, therefore, the coin, gold and silver together, when compared with silver bullion, was not supposed to be more than eight per cent. below its standard value. In 1695, on the contrary, it had been supposed to be near five-and-twenty per cent. below that value. But in the beginning of the present century, that is, immediately after the great re-coinage in King William's time, the greater part of the current silver coin must have been still nearer to its standard weight than it is at present. In the course of the present century too there has been no great public calamity, such as the civil war, which could either discourage tillage, or interrupt the interior commerce of the country. And though the bounty which has taken place through the greater part of this century, must always raise the price of corn somewhat higher than it otherwise would be in the actual state of tillage; yet as, in the course of this century, the bounty has had full time to produce all the good effects commonly imputed to it, to encourage tillage, and thereby to increase the quantity of corn in the home market, it may, upon the principles of a system which I shall explain and examine hereafter, be supposed to have done something to lower the price of that commodity the one way, as well as to raise it the other. It is by many people supposed to have done more.

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* Lowndes's Essay on the Silver Coin, p. 68.

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In the ſixty-four years of the preſent century accordingly, the average price of the quarter of nine buſhels of the beſt wheat at Windſor market, appears, by the accounts of Eton College, to have been 2*l.* 0*s.* 6$\frac{2}{3}$*d.*, which is about ten ſhillings and ſixpence, or more than five-and-twenty per cent. cheaper than it had been during the ſixty-four laſt years of the laſt century; and about nine ſhillings and ſixpence cheaper than it had been during the ſixteen years preceding 1636, when the diſcovery of the abundant mines of America may be ſuppoſed to have produced its full effect; and about one ſhilling cheaper than it had been in the twenty-ſix years preceding 1620, before that diſcovery can well be ſuppoſed to have produced its full effect. According to this account, the average price of middle wheat, during theſe ſixty-four firſt years of the preſent century, comes out to have been about thirty-two ſhillings the quarter of eight buſhels.

The value of ſilver, therefore, ſeems to have riſen ſomewhat in proportion to that of corn during the courſe of the preſent century, and it had probably begun to do ſo even ſome time before the end of the laſt.

In 1687, the price of the quarter of nine buſhels of the beſt wheat at Windſor market was 1*l.* 5*s.* 2*d.* the loweſt price at which it had ever been from 1595.

In 1688, Mr. Gregory King, a man famous for his knowledge in matters of this kind, eſtimated the average price of wheat in years of moderate

moderate plenty to be to the grower 3*s.* 6*d.* the buſhel, or eight-and-twenty ſhillings the quarter. The grower's price I underſtand to be the ſame with what is ſometimes called the contract price, or the price at which a farmer contracts for a certain number of years to deliver a certain quantity of corn to a dealer. As a contract of this kind ſaves the farmer the expence and trouble of marketing, the contract price is generally lower than what is ſuppoſed to be the average market price. Mr. King had judged eight-and-twenty ſhillings the quarter to be at that time the ordinary contract price in years of moderate plenty. Before the ſcarcity occaſioned by the late extraordinary courſe of bad ſeaſons, it was, I have been aſſured, the ordinary contract price in all common years.

In 1688 was granted the parliamentary bounty upon the exportation of corn. The country gentlemen, who then compoſed a ſtill greater proportion of the legiſlature than they do at preſent, had felt that the money price of corn was falling. The bounty was an expedient to raiſe it artificially to the high price at which it had frequently been ſold in the times of Charles I. and II. It was to take place, therefore, till wheat was ſo high as forty-eight ſhillings the quarter; that is twenty ſhillings, or $\frac{5}{7}$ths dearer than Mr. King had in that very year eſtimated the grower's price to be in times of moderate plenty. If his calculations deſerve any part of the reputation which they have obtained very univerſally, eight-and-forty ſhillings the quarter

BOOK I. was a price which, without ſome ſuch expedient as the bounty, could not at that time be expected, except in years of extraordinary ſcarcity. But the government of King William was not then fully ſettled. It was in no condition to refuſe any thing to the country gentlemen, from whom it was at that very time ſoliciting the firſt eſtabliſhment of the annual land-tax.

The value of ſilver, therefore, in proportion to that of corn, had probably riſen ſomewhat before the end of the laſt century; and it ſeems to have continued to do ſo during the courſe of the greater part of the preſent; though the neceſſary operation of the bounty muſt have hindered that riſe from being ſo ſenſible as it otherwiſe would have been in the actual ſtate of tillage.

In plentiful years the bounty, by occaſioning an extraordinary exportation, neceſſarily raiſes the price of corn above what it otherwiſe would be in thoſe years. To encourage tillage, by keeping up the price of corn even in the moſt plentiful years, was the avowed end of the inſtitution.

In years of great ſcarcity, indeed, the bounty has generally been ſuſpended. It muſt, however, have had ſome effect upon the prices of many of thoſe years. By the extraordinary exportation which it occaſions in years of plenty, it muſt frequently hinder the plenty of one year from compenſating the ſcarcity of another.

Both in years of plenty and in years of ſcarcity, therefore, the bounty raiſes the price of corn above what it naturally would be in the actual

actual ſtate of tillage. If, during the ſixty-four firſt years of the preſent century, therefore, the average price has been lower than during the ſixty-four laſt years of the laſt century, it muſt, in the ſame ſtate of tillage, have been much more ſo, had it not been for this operation of the bounty.

But without the bounty, it may be ſaid, the ſtate of tillage would not have been the ſame. What may have been the effects of this inſtitution upon the agriculture of the country, I ſhall endeavour to explain hereafter, when I come to treat particularly of bounties. I ſhall only obſerve at preſent, that this riſe in the value of ſilver, in proportion to that of corn, has not been peculiar to England. It has been obſerved to have taken place in France during the ſame period, and nearly in the ſame proportion too, by three very faithful, diligent, and laborious collectors of the prices of corn, Mr. Dupré de St. Maur, Mr. Meſſance, and the author of the Eſſay on the Police of Grain. But in France, till 1764, the exportation of grain was by law prohibited; and it is ſomewhat difficult to ſuppoſe, that nearly the ſame diminution of price which took place in one country, notwithſtanding this prohibition, ſhould in another be owing to the extraordinary encouragement given to exportation.

It would be more proper, perhaps, to conſider this variation in the average money price of corn as the effect rather of ſome gradual riſe in the real value of ſilver in the European market,

BOOK I. than of any fall in the real average value of corn. Corn, it has already been obſerved, is at diſtant periods of time a more accurate meaſure of value than either ſilver, or perhaps any other commodity. When, after the diſcovery of the abundant mines of America, corn roſe to three and four times its former money price, this change was univerſally aſcribed, not to any riſe in the real value of corn, but to a fall in the real value of ſilver. If during the ſixty-four firſt years of the preſent century, therefore, the average money price of corn has fallen ſomewhat below what it had been during the greater part of the laſt century, we ſhould in the ſame manner impute this change, not to any fall in the real value of corn, but to ſome riſe in the real value of ſilver in the European market.

The high price of corn during theſe ten or twelve years paſt, indeed, has occaſioned a ſuſpicion that the real value of ſilver ſtill continues to fall in the European market. This high price of corn, however, ſeems evidently to have been the effect of the extraordinary unfavourableneſs of the ſeaſons, and ought therefore to be regarded, not as a permanent, but as a tranſitory and occaſional event. The ſeaſons for theſe ten or twelve years paſt have been unfavourable through the greater part of Europe; and the diſorders of Poland have very much increaſed the ſcarcity in all thoſe countries, which, in dear years, uſed to be ſupplied from that market. So long a courſe of bad ſeaſons, though not a very common event, is by no means a ſingular one; and whoever has

has enquired much into the hiſtory of the prices of corn in former times, will be at no loſs to recollect ſeveral other examples of the ſame kind. Ten years of extraordinary ſcarcity, beſides, are not more wonderful than ten years of extraordinary plenty. The low price of corn from 1741 to 1750, both incluſive, may very well be ſet in oppoſition to its high price during theſe laſt eight or ten years. From 1741 to 1750, the average price of the quarter of nine buſhels of the beſt wheat at Windſor market, it appears from the accounts of Eton College, was only 1*l.* 13*s.* 9½*d.*, which is nearly 6*s.* 3*d.* below the average price of the ſixty-four firſt years of the preſent century. The average price of the quarter of eight buſhels of middle wheat, comes out, according to this account, to have been, during theſe ten years, only 1*l.* 6*s.* 8*d.*

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Between 1741 and 1750, however, the bounty muſt have hindered the price of corn from falling ſo low in the home market as it naturally would have done. During theſe ten years the quantity of all ſorts of grain exported, it appears from the cuſtom-houſe books, amounted to no leſs than eight millions twenty-nine thouſand one hundred and fifty-ſix quarters one buſhel. The bounty paid for this amounted to 1,514,962*l.* 17*s.* 4½*d.* In 1749 accordingly, Mr. Pelham, at that time prime miniſter, obſerved to the Houſe of Commons, that for the three years preceding, a very extraordinary ſum had been paid as bounty for the exportation of corn.

BOOK I. He had good reaſon to make this obſervation, and in the following year he might have had ſtill better. In that ſingle year the bounty paid amounted to no leſs than 324,176*l.* 10*s.* 6*d.** It is unneceſſary to obſerve how much this forced exportation muſt have raiſed the price of corn above what it otherwiſe would have been in the home market.

At the end of the accounts annexed to this chapter the reader will find the particular account of thoſe ten years ſeparated from the reſt. He will find there too the particular account of the preceding ten years, of which the average is likewiſe below, though not ſo much below, the general average of the ſixty-four firſt years of the century. The year 1740, however, was a year of extraordinary ſcarcity. Theſe twenty years preceding 1750, may very well be ſet in oppoſition to the twenty preceding 1770. As the former were a good deal below the general average of the century, notwithſtanding the intervention of one or two dear years; ſo the latter have been a good deal above it, notwithſtanding the intervention of one or two cheap ones, of 1759, for example. If the former have not been as much below the general average, as the latter have been above it, we ought probably to impute it to the bounty. The change has evidently been too ſudden to be aſcribed to any change in the value of ſilver, which is always ſlow and gradual. The ſuddenneſs of the effect can be

* See Tracts on the Corn Trade; Tract 3d.

accounted

accounted for only by a cauſe which can operate ſuddenly, the accidental variation of the ſeaſons. CHAP. XI.

The money price of labour in Great Britain has, indeed, riſen during the courſe of the preſent century. This, however, ſeems to be the effect, not ſo much of any diminution in the value of ſilver in the European market, as of an increaſe in the demand for labour in Great Britain, ariſing from the great, and almoſt univerſal proſperity of the country. In France, a country not altogether ſo proſperous, the money price of labour has, ſince the middle of the laſt century, been obſerved to ſink gradually with the average money price of corn. Both in the laſt century and in the preſent, the day wages of common labour are there ſaid to have been pretty uniformly about the twentieth part of the average price of the ſeptier of wheat, a meaſure which contains a little more than four Winchester buſhels. In Great Britain the real recompence of labour, it has already been ſhown, the real quantities of the neceſſaries and conveniencies of life which are given to the labourer, has increaſed conſiderably during the courſe of the preſent century. The riſe in its money price ſeems to have been the effect, not of any diminution of the value of ſilver in the general market of Europe, but of a riſe in the real price of labour in the particular market of Great Britain, owing to the peculiarly happy circumſtances of the country.

For ſome time after the firſt diſcovery of America, ſilver would continue to ſell at its former,

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former, or not much below its former price. The profits of mining would for ſome time be very great, and much above their natural rate. Thoſe who imported that metal into Europe, however, would ſoon find that the whole annual importation could not be diſpoſed of at this high price. Silver would gradually exchange for a ſmaller and a ſmaller quantity of goods. Its price would ſink gradually lower and lower, till it fell to its natural price; or to what was juſt ſufficient to pay, according to their natural rates, the wages of the labour, the profits of the ſtock, and the rent of the land, which muſt be paid in order to bring it from the mine to the market. In the greater part of the ſilver mines of Peru, the tax of the King of Spain, amounting to a tenth of the groſs produce, eats up, it has already been obſerved, the whole rent of the land. This tax was originally a half; it ſoon afterwards fell to a third, then to a fifth, and at laſt to a tenth, at which rate it ſtill continues. In the greater part of the ſilver mines of Peru, this, it ſeems, is all that remains, after replacing the ſtock of the undertaker of the work, together with its ordinary profits; and it ſeems to be univerſally acknowledged that theſe profits, which were once very high, are now as low as they can well be, conſiſtently with carrying on their works.

The tax of the King of Spain was reduced to a fifth part of the regiſtered ſilver in 1504*, one-

* Solorzano, vol. ii.

and-forty years before 1545, the date of the diſcovery of the mines of Potoſi. In the courſe of ninety years, or before 1636, theſe mines, the moſt fertile in all America, had time ſufficient to produce their full effect, or to reduce the value of ſilver in the European market as low as it could well fall, while it continued to pay this tax to the King of Spain. Ninety years is time ſufficient to reduce any commodity, of which there is no monopoly, to its natural price, or to the loweſt price at which, while it pays a particular tax, it can continue to be ſold for any conſiderable time together.

The price of ſilver in the European market might perhaps have fallen ſtill lower, and it might have become neceſſary either to reduce the tax upon it, not only to one-tenth, as in 1736, but to one-twentieth, in the ſame manner as that upon gold, or to give up working the greater part of the American mines which are now wrought. The gradual increaſe of the demand for ſilver, or the gradual enlargement of the market for the produce of the ſilver mines of America, is probably the cauſe which has prevented this from happening, and which has not only kept up the value of ſilver in the European market, but has perhaps even raiſed it ſomewhat higher than it was about the middle of the laſt century.

Since the firſt diſcovery of America, the market for the produce of its ſilver mines has been growing gradually more and more extenſive.

Firſt,

BOOK I. First, The market of Europe has become gradually more and more extenſive. Since the diſcovery of America, the greater part of Europe has been much improved. England, Holland, France and Germany; even Sweden, Denmark, and Ruſſia, have all advanced conſiderably, both in agriculture and in manufactures. Italy ſeems not to have gone backwards. The fall of Italy preceded the conqueſt of Peru. Since that time it ſeems rather to have recovered a little. Spain and Portugal, indeed, are ſuppoſed to have gone backwards. Portugal, however, is but a very ſmall part of Europe, and the declenſion of Spain is not, perhaps, ſo great as is commonly imagined. In the beginning of the ſixteenth century, Spain was a very poor country, even in compariſon with France, which has been ſo much improved ſince that time. It was the well-known remark of the Emperor Charles V., who had travelled ſo frequently through both countries, that every thing abounded in France, but that every thing was wanting in Spain. The increaſing produce of the agriculture and manufactures of Europe muſt neceſſarily have required a gradual increaſe in the quantity of ſilver coin to circulate it; and the increaſing number of wealthy individuals muſt have required the like increaſe in the quantity of their plate and other ornaments of ſilver.

Secondly, America is itſelf a new market for the produce of its own ſilver mines; and as its advances in agriculture, induſtry, and population, are much more rapid than thoſe of the moſt thriving

thriving countries in Europe, its demand muſt increaſe much more rapidly. The Engliſh colonies are altogether a new market, which partly for coin and partly for plate, requires a continually augmenting ſupply of ſilver through a great continent where there never was any demand before. The greater part too of the Spaniſh and Portugueſe colonies are altogether new markets. New Granada, the Yucatan, Paraguay, and the Brazils were, before diſcovered by the Europeans, inhabited by ſavage nations, who had neither arts nor agriculture. A conſiderable degree of both has now been introduced into all of them. Even Mexico and Peru, though they cannot be conſidered as altogether new markets, are certainly much more extenſive ones than they ever were before. After all the wonderful tales which have been publiſhed concerning the ſplendid ſtate of thoſe countries in ancient times, whoever reads, with any degree of ſober judgment, the hiſtory of their firſt diſcovery and conqueſt, will evidently diſcern that, in arts, agriculture, and commerce, their inhabitants were much more ignorant than the Tartars of the Ukraine are at preſent. Even the Peruvians, the more civilized nation of the two, though they made uſe of gold and ſilver as ornaments, had no coined money of any kind. Their whole commerce was carried on by barter, and there was accordingly ſcarce any diviſion of labour among them. Thoſe who cultivated the ground were obliged to build their own houſes, to make their own houſhold furniture, their own

BOOK I. clothes, shoes, and instruments of agriculture. The few artificers among them are said to have been all maintained by the sovereign, the nobles, and the priests, and were probably their servants or slaves. All the ancient arts of Mexico and Peru have never furnished one single manufacture to Europe. The Spanish armies, though they scarce ever exceeded five hundred men, and frequently did not amount to half that number, found almost every-where great difficulty in procuring subsistence. The famines which they are said to have occasioned almost wherever they went, in countries too, which at the same time are represented as very populous and well cultivated, sufficiently demonstrate that the story of this populousness and high cultivation is in a great measure fabulous. The Spanish colonies are under a government in many respects less favourable to agriculture, improvement, and population, than that of the English colonies. They seem, however, to be advancing in all these much more rapidly than any country in Europe. In a fertile soil and happy climate, the great abundance and cheapness of land, a circumstance common to all new colonies, is, it seems, so great an advantage, as to compensate many defects in civil government. Frezier, who visited Peru in 1713, represents Lima as containing between twenty-five and twenty-eight thousand inhabitants. Ulloa, who resided in the same country between 1740 and 1746, represents it as containing more than fifty thousand. The difference in their accounts of the populous-

ness

neſs of ſeveral other principal towns in Chili and Peru is nearly the ſame; and as there ſeems to be no reaſon to doubt of the good information of either, it marks an increaſe which is ſcarce inferior to that of the Engliſh colonies. America, therefore, is a new market for the produce of its own ſilver mines, of which the demand muſt increaſe much more rapidly than that of the moſt thriving country in Europe.

Thirdly, The Eaſt Indies is another market for the produce of the ſilver mines of America, and a market which, from the time of the firſt diſcovery of thoſe mines, has been continually taking off a greater and a greater quantity of ſilver. Since that time, the direct trade between America and the Eaſt Indies, which is carried on by means of the Acapulco ſhips, has been continually augmenting, and the indirect intercourſe by the way of Europe has been augmenting in a ſtill greater proportion. During the ſixteenth century, the Portugueſe were the only European nation who carried on any regular trade to the Eaſt Indies. In the laſt years of that century the Dutch began to encroach upon this monopoly, and in a few years expelled them from their principal ſettlements in India. During the greater part of the laſt century thoſe two nations divided the moſt conſiderable part of the Eaſt India trade between them; the trade of the Dutch continually augmenting in a ſtill greater proportion than that of the Portugueſe declined. The Engliſh and French carried on ſome trade with

BOOK I.

with India in the laſt century, but it has been greatly augmented in the courſe of the preſent. The Eaſt India trade of the Swedes and Danes began in the courſe of the preſent century. Even the Muſcovites now trade regularly with China by a ſort of caravans which go over land through Siberia and Tartary to Pekin. The Eaſt India trade of all theſe nations, if we except that of the French, which the laſt war had well nigh annihilated, has been almoſt continually augmenting. The increaſing conſumption of Eaſt India goods in Europe is, it ſeems, ſo great, as to afford a gradual increaſe of employment to them all. Tea, for example, was a drug very little uſed in Europe before the middle of the laſt century. At preſent the value of the tea annually imported by the Engliſh Eaſt India Company, for the uſe of their own countrymen, amounts to more than a million and a half a year; and even this is not enough; a great deal more being conſtantly ſmuggled into the country from the ports of Holland, from Gottenburg in Sweden, and from the coaſt of France too, as long as the French Eaſt India Company was in proſperity. The conſumption of the poreelain of China, of the ſpiceries of the Moluccas, of the piece goods of Bengal, and of the innumerable other articles, has increaſed very nearly in a like proportion. The tonnage accordingly of all the European ſhipping employed in the Eaſt India trade, at any one time during the laſt century, was not, perhaps, much greater than that

that of the Engliſh Eaſt India Company before the late reduction of their ſhipping. CHAP. XI.

But in the Eaſt Indies, particularly in China and Indoſtan, the value of the precious metals, when the Europeans firſt began to trade to thoſe countries, was much higher than in Europe; and it ſtill continues to be ſo. In rice countries, which generally yield two, ſometimes three crops in the year, each of them more plentiful than any common crop of corn, the abundance of food muſt be much greater than in any corn country of equal extent. Such countries are accordingly much more populous. In them too the rich, having a greater ſuper-abundance of food to diſpoſe of beyond what they themſelves can conſume, have the means of purchaſing a much greater quantity of the labour of other people. The retinue of a grandee in China or Indoſtan accordingly is, by all accounts, much more numerous and ſplendid than that of the richeſt ſubjects in Europe. The ſame ſuper-abundance of food, of which they have the diſpoſal, enables them to give a greater quantity of it for all thoſe ſingular and rare productions which nature furniſhes but in very ſmall quantities; ſuch as the precious metals and the precious ſtones, the great objects of the competition of the rich. Though the mines, therefore, which ſupplied the Indian market had been as abundant as thoſe which ſupplied the European, ſuch commodities would naturally exchange for a greater quantity of food in India than in Europe. But the mines which ſupplied the Indian

BOOK I. market with the precious metals ſeem to have been a good deal leſs abundant, and thoſe which ſupplied it with the precious ſtones a good deal more ſo, than the mines which ſupplied the European. The precious metals, therefore, would naturally exchange in India for ſomewhat a greater quantity of the precious ſtones, and for a much greater quantity of food than in Europe. The money price of diamonds, the greateſt of all ſuperfluities, would be ſomewhat lower, and that of food, the firſt of all neceſſaries, a great deal lower in the one country than in the other. But the real price of labour, the real quantity of the neceſſaries of life which is given to the labourer, it has already been obſerved, is lower both in China and Indoſtan, the two great markets of India, than it is through the greater part of Europe. The wages of the labourer will there purchaſe a ſmaller quantity of food; and as the money price of food is much lower in India than in Europe, the money price of labour is there lower upon a double account; upon account both of the ſmall quantity of food which it will purchaſe, and of the low price of that food. But in countries of equal art and induſtry, the money price of the greater part of manufactures will be in proportion to the money price of labour; and in manufacturing art and induſtry, China and Indoſtan, though inferior, ſeem not to be much inferior to any part of Europe. The money price of the greater part of manufactures, therefore, will naturally be much lower in thoſe great empires than it is any-where in Europe. Through the

the greater part of Europe too the expence of land-carriage increaſes very much both the real and nominal price of moſt manufactures. It coſts more labour, and therefore more money, to bring firſt the materials, and afterwards the complete manufacture to market. In China and Indoſtan the extent and variety of inland navigations ſave the greater part of this labour, and conſequently of this money, and thereby reduce ſtill lower both the real and the nominal price of the greater part of their manufactures. Upon all theſe accounts, the precious metals are a commodity which it always has been, and ſtill continues to be, extremely advantageous to carry from Europe to India. There is ſcarce any commodity which brings a better price there; or which, in proportion to the quantity of labour and commodities which it coſts in Europe, will purchaſe or command a greater quantity of labour and commodities in India. It is more advantageous too to carry ſilver thither than gold; becauſe in China, and the greater part of the other markets of India, the proportion between fine ſilver and fine gold is but as ten, or at moſt as twelve, to one; whereas in Europe it is as fourteen or fifteen to one. In China, and the greater part of the other markets of India, ten, or at moſt twelve, ounces of ſilver will purchaſe an ounce of gold: in Europe it requires from fourteen to fifteen ounces. In the cargoes, therefore, of the greater part of European ſhips which ſail to India, ſilver has generally been one of the moſt valuable articles. It is the moſt valuable article

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BOOK I. in the Acapulco ſhips which ſail to Manilla. The ſilver of the new continent ſeems in this manner to be one of the principal commodities by which the commerce between the two extremities of the old one is carried on, and it is by means of it, in a great meaſure, that thoſe diſtant parts of the world are connected with one another.

In order to ſupply ſo very widely extended a market, the quantity of ſilver annually brought from the mines muſt not only be ſufficient to ſupport that continual increaſe both of coin and of plate which is required in all thriving countries; but to repair that continual waſte and conſumption of ſilver which takes place in all countries where that metal is uſed.

The continual conſumption of the precious metals in coin by wearing, and in plate both by wearing and cleaning, is very ſenſible; and in commodities of which the uſe is ſo very widely extended, would alone require a very great annual ſupply. The conſumption of thoſe metals in ſome particular manufactures, though it may not perhaps be greater upon the whole than this gradual conſumption, is, however, much more ſenſible, as it is much more rapid. In the manufactures of Birmingham alone, the quantity of gold and ſilver annually employed in gilding and plating, and thereby diſqualified from ever afterwards appearing in the ſhape of thoſe metals, is ſaid to amount to more than fifty thouſand pounds ſterling. We may from thence form ſome notion how great muſt be the annual conſumption in all the different parts of the world,

either in manufactures of the ſame kind with thoſe of Birmingham, or in laces, embroideries, gold and ſilver ſtuffs, the gilding of books, furniture, &c. A conſiderable quantity too muſt be annually loſt in tranſporting thoſe metals from one place to another both by ſea and by land. In the greater part of the governments of Aſia, beſides, the almoſt univerſal cuſtom of concealing treaſures in the bowels of the earth, of which the knowledge frequently dies with the perſon who makes the concealment, muſt occaſion the loſs of a ſtill greater quantity. CHAP. XI.

The quantity of gold and ſilver imported at both Cadiz and Liſbon (including not only what comes under regiſter, but what may be ſuppoſed to be ſmuggled) amounts, according to the beſt accounts, to about ſix millions ſterling a year.

According to Mr. Meggens * the annual importation of the precious metals into Spain, at an average of ſix years; viz. from 1748 to 1753, both incluſive; and into Portugal, at an average of ſeven years; viz. from 1747 to 1753, both incluſive; amounted in ſilver to 1,101,107 pounds weight; and in gold to 49,940 pounds weight. The ſilver at ſixty-two ſhillings the pound Troy, amounts to 3,413,431 *l.* 10*s.* ſterling. The gold, at forty-four guineas and a

* Poſtſcript to the Univerſal Merchant, p. 15 and 16. This Poſtſcript was not printed till 1756, three years after the publication of the book, which has never had a ſecond edition. The poſtſcript is, therefore, to be found in few copies: It corrects ſeveral errors in the book.

BOOK II. half the pound Troy, amounts to 2,333,446*l.* 14*s.* ſterling. Both together amount to 5,746,878*l.* 4*s.* ſterling. The account of what was imported under regiſter, he aſſures us is exact. He gives us the detail of the particular places from which the gold and ſilver were brought, and of the particular quantity of each metal, which, according to the regiſter, each of them afforded. He makes an allowance too for the quantity of each metal which he ſuppoſes may have been ſmuggled. The great experience of this judicious merchant renders his opinion of conſiderable weight.

According to the eloquent and, ſometimes, well-informed author of the Philoſophical and Political Hiſtory of the Eſtabliſhment of the Europeans in the two Indies, the annual importation of regiſtered gold and ſilver into Spain, at an average of eleven years; viz. from 1754 to 1764, both incluſive; amounted to 13,984,185$\frac{3}{5}$ piaſtres of ten reals. On account of what may have been ſmuggled, however, the whole annual importation, he ſuppoſes, may have amounted to ſeventeen millions of piaſtres; which, at 4*s.* 6*d.* the piaſtre, is equal to 3,825,000*l.* ſterling. He gives the detail too of the particular places from which the gold and ſilver were brought, and of the particular quantities of each metal which, according to the regiſter, each of them afforded. He informs us too, that if we were to judge of the quantity of gold annually imported from the Brazils into Liſbon by the amount of the tax paid to the King

King of Portugal, which it ſeems is one-fifth of the ſtandard metal, we might value it at eighteen millions of cruzadoes, or forty-five millions of French livres, equal to about two millions ſterling. On account of what may have been ſmuggled, however, we may ſafely, he ſays, add to this ſum an eighth more, or 250,000*l.* ſterling, ſo that the whole will amount to 2,250,000*l.* ſterling. According to this account, therefore, the whole annual importation of the precious metals into both Spain and Portugal, amounts to about 6,075,000*l.* ſterling.

Several other very well authenticated, though manuſcript, accounts, I have been aſſured, agree, in making this whole annual importation amount at an average to about ſix millions ſterling; ſometimes a little more, ſometimes a little leſs.

The annual importation of the precious metals into Cadiz and Liſbon, indeed, is not equal to the whole annual produce of the mines of America. Some part is ſent annually by the Acapulco ſhips to Manilla; ſome part is employed in the contraband trade which the Spaniſh colonies carry on with thoſe of other European nations; and ſome part, no doubt, remains in the country. The mines of America, beſides, are by no means the only gold and ſilver mines in the world. They are, however, by far the moſt abundant. The produce of all the other mines which are known, is inſignificant, it is acknowledged, in compariſon with theirs; and the far greater part of their produce, it is likewiſe acknowledged, is annually imported into Cadiz

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and Liſbon. But the conſumption of Birmingham alone, at the rate of fifty thouſand pounds a year, is equal to the hundred-and-twentieth part of this annual importation at the rate of ſix millions a year. The whole annual conſumption of gold and ſilver, therefore, in all the different countries of the world where thoſe metals are uſed, may perhaps be nearly equal to the whole annual produce. The remainder may be no more than ſufficient to ſupply the increaſing demand of all thriving countries. It may even have fallen ſo far ſhort of this demand as ſomewhat to raiſe the price of thoſe metals in the European market.

The quantity of braſs and iron annually brought from the mine to the market is out of all proportion greater than that of gold and ſilver. We do not, however, upon this account, imagine that thoſe coarſe metals are likely to multiply beyond the demand, or to become gradually cheaper and cheaper. Why ſhould we imagine that the precious metals are likely to do ſo? The coarſe metals, indeed, though harder, are put to much harder uſes, and, as they are of leſs value, leſs care is employed in their preſervation. The precious metals, however, are not neceſſarily immortal any more than they, but are liable too to be loſt, waſted, and conſumed in a great variety of ways.

The price of all metals, though liable to ſlow and gradual variations, varies leſs from year to year than that of almoſt any other part of the rude produce of land; and the price of the precious

cious metals is even leſs liable to ſudden variations than that of the coarſe ones. The durableneſs of metals is the foundation of this extraordinary ſteadineſs of price. The corn which was brought to market laſt year, will be all or almoſt all conſumed long before the end of this year. But ſome part of the iron which was brought from the mine two or three hundred years ago, may be ſtill in uſe, and perhaps ſome part of the gold which was brought from it two or three thouſand years ago. The different maſſes of corn which in different years muſt ſupply the conſumption of the world, will always be nearly in proportion to the reſpective produce of thoſe different years. But the proportion between the different maſſes of iron which may be in uſe in two different years, will be very little affected by any accidental difference in the produce of the iron mines of thoſe two years; and the proportion betwen the maſſes of gold will be ſtill leſs affected by any ſuch difference in the produce of the gold mines. Though the produce of the greater part of metallic mines, therefore, varies, perhaps, ſtill more from year to year than that of the greater part of corn-fields, thoſe variations have not the ſame effect upon the price of the one ſpecies of commodities, as upon that of the other. CHAP. XI.

Variations

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Variations in the Proportion between the reſpective Values of Gold and Silver.

BEFORE the diſcovery of the mines of America, the value of fine gold to fine ſilver was regulated in the different mints of Europe, between the proportions of one to ten and one to twelve; that is, an ounce of fine gold was ſuppoſed to be worth from ten to twelve ounces of fine ſilver. About the middle of the laſt century it came to be regulated, between the proportions of one to fourteen and one to fifteen: that is, an ounce of fine gold came to be ſuppoſed worth between fourteen and fifteen ounces of fine ſilver. Gold roſe in its nominal value, or in the quantity of ſilver which was given for it. Both metals ſunk in their real value, or in the quantity of labour which they could purchaſe; but ſilver ſunk more than gold. Though both the gold and ſilver mines of America exceeded in fertility all thoſe which had ever been known before, the fertility of the ſilver mines had, it ſeems, been proportionably ſtill greater than that of the gold ones.

The great quantities of ſilver carried annually from Europe to India, have, in ſome of the Engliſh ſettlements, gradually reduced the value of that metal in proportion to gold. In the mint of Calcutta, an ounce of fine gold is ſuppoſed to be worth fifteen ounces of fine ſilver, in the ſame manner as in Europe. It is in the mint perhaps rated too high for the value which it bears in the

market of Bengal. In China, the proportion of gold to silver still continues as one to ten, or one to twelve. In Japan, it is said to be as one to eight. CHAP. XI.

The proportion between the quantities of gold and silver annually imported into Europe, according to Mr. Meggens's account, is as one to twenty-two nearly; that is, for one ounce of gold there are imported a little more than twenty-two ounces of silver. The great quantity of silver sent annually to the East Indies, reduces, he supposes, the quantities of those metals which remain in Europe to the proportion of one to fourteen or fifteen, the proportion of their values. The proportion between their values, he seems to think, must necessarily be the same as that between their quantities, and would therefore be as one to twenty-two, were it not for this greater exportation of silver.

But the ordinary proportion between the respective values of two commodities is not necessarily the same as that between the quantities of them which are commonly in the market. The price of an ox, reckoned at ten guineas, is about threescore times the price of a lamb, reckoned at 3*s.* 6*d.* It would be absurd, however, to infer from thence, that there are commonly in the market threescore lambs for one ox: and it would be just as absurd to infer, because an ounce of gold will commonly purchase from fourteen to fifteen ounces of silver, that there are commonly in the market only fourteen or fifteen ounces of silver for one ounce of gold.

The

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The quantity of ſilver commonly in the market, it is probable, is much greater in proportion to that of gold, than the value of a certain quantity of gold is to that of an equal quantity of ſilver. The whole quantity of a cheap commodity brought to market, is commonly not only greater, but of greater value, than the whole quantity of a dear one. The whole quantity of bread annually brought to market, is not only greater, but of greater value than the whole quantity of butcher's-meat; the whole quantity of butcher's-meat, than the whole quantity of poultry; and the whole quantity of poultry, than the whole quantity of wild fowl. There are ſo many more purchaſers for the cheap than for the dear commodity, that, not only a greater quantity of it, but a greater value, can commonly be diſpoſed of. The whole quantity, therefore, of the cheap commodity muſt commonly be greater in proportion to the whole quantity of the dear one, than the value of a certain quantity of the dear one, is to the value of an equal quantity of the cheap one. When we compare the precious metals with one another, ſilver is a cheap, and gold a dear commodity. We ought naturally to expect, therefore, that there ſhould always be in the market, not only a greater quantity, but a greater value of ſilver than of gold. Let any man, who has a little of both, compare his own ſilver with his gold plate, and he will probably find, that, not only the quantity, but the value of the former greatly exceeds that of the latter. Many people, beſides, have

have a good deal of ſilver who have no gold plate, which, even with thoſe who have it, is generally confined to watch-caſes, ſnuff-boxes, and ſuch like trinkets, of which the whole amount is ſeldom of great value. In the Britiſh coin, indeed, the value of the gold preponderates greatly, but it is not ſo in that of all countries. In the coin of ſome countries the value of the two metals is nearly equal. In the Scotch coin, before the union with England, the gold preponderated very little, though it did ſomewhat*, as it appears by the accounts of the mint. In the coin of many countries the ſilver preponderates. In France, the largeſt ſums are commonly paid in that metal, and it is there difficult to get more gold than what is neceſſary to carry about in your pocket. The ſuperior value, however, of the ſilver plate above that of the gold, which takes place in all countries, will much more than compenſate the preponderancy of the gold coin above the ſilver, which takes place only in ſome countries.

Though, in one ſenſe of the word, ſilver always has been, and probably always will be, much cheaper than gold; yet in another ſenſe, gold may, perhaps, in the preſent ſtate of the Spaniſh market, be ſaid to be ſomewhat cheaper than ſilver. A commodity may be ſaid to be dear or cheap, not only according to the abſolute greatneſs or ſmallneſs of its uſual price, but

* See Ruddiman's Preface to Anderſon's Diplomata, &c. Scotiæ.

according

BOOK I. according as that price is more or leſs above the loweſt for which it is poſſible to bring it to market for any conſiderable time together. This loweſt price is that which barely replaces, with a moderate profit, the ſtock which muſt be employed in bringing the commodity thither. It is the price which affords nothing to the landlord, of which rent makes not any component part, but which reſolves itſelf altogether into wages and profit. But, in the preſent ſtate of the Spaniſh market, gold is certainly ſomewhat nearer to this loweſt price than ſilver. The tax of the King of Spain upon gold is only one-twentieth part of the ſtandard metal, or five per cent.; whereas his tax upon ſilver amounts to one-tenth part of it, or to ten per cent. In theſe taxes too, it has already been obſerved, conſiſts the whole rent of the greater part of the gold and ſilver mines of Spaniſh America; and that upon gold is ſtill worſe paid than that upon ſilver. The profits of the undertakers of gold mines too, as they more rarely make a fortune, muſt, in general, be ſtill more moderate than thoſe of the undertakers of ſilver mines. The price of Spaniſh gold, therefore, as it affords both leſs rent and leſs profit, muſt, in the Spaniſh market, be ſomewhat dearer to the loweſt price for which it is poſſible to bring it thither, than the price of Spaniſh ſilver. When all expences are computed, the whole quantity of the one metal, it would ſeem, cannot, in the Spaniſh market, be diſpoſed of ſo advantageouſly as the whole quantity of the other. The tax, indeed,

indeed, of the King of Portgual upon the gold of the Brazils, is the ſame with the ancient tax of the King of Spain upon the ſilver of Mexico and Peru; or one-fifth part of the ſtandard metal. It may, therefore, be uncertain whether to the general market of Europe the whole maſs of American gold comes at a price nearer to the loweſt for which it is poſſible to bring it thither, than the whole maſs of American ſilver.

The price of diamonds and other precious ſtones may, perhaps, be ſtill nearer to the loweſt price at which it is poſſible to bring them to market, than even the price of gold.

Though it is not very probable, that any part of a tax which is not only impoſed upon one of the moſt proper ſubjects of taxation, a mere luxury and ſuperfluity, but which affords ſo very important a revenue, as the tax upon ſilver, will ever be given up as long as it is poſſible to pay it; yet the ſame impoſſibility of paying it, which in 1736 made it neceſſary to reduce it from one-fifth to one-tenth, may in time make it neceſſary to reduce it ſtill further; in the ſame manner as it made it neceſſary to reduce the tax upon gold to one-twentieth. That the ſilver mines of Spaniſh America, like all other mines, become gradually more expenſive in the working, on account of the greater depths at which it is neceſſary to carry on the works, and of the greater expence of drawing out the water and of ſupplying them with freſh air at thoſe depths, is acknowledged by every body who has enquired into the ſtate of thoſe mines.

Theſe

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Theſe cauſes, which are equivalent to a growing ſcarcity of ſilver (for a commodity may be ſaid to grow ſcarcer when it becomes more difficult and expenſive to collect a certain quantity of it), muſt, in time, produce one or other of the three following events. The increaſe of the expence muſt either, firſt be compenſated altogether by a proportionable increaſe in the price of the metal; or, ſecondly, it muſt be compenſated altogether by a proportionable diminution of the tax upon ſilver; or, thirdly, it muſt be compenſated partly by the one, and partly by the other of thoſe two expedients. This third event is very poſſible. As gold roſe in its price in proportion to ſilver, notwithſtanding a great diminution of the tax upon gold; ſo ſilver might riſe in its price in proportion to labour and commodities, notwithſtanding an equal diminution of the tax upon ſilver.

Such ſucceſſive reductions of the tax, however, though they may not prevent altogether, muſt certainly retard, more or leſs, the riſe of the value of ſilver in the European market. In conſequence of ſuch reductions, many mines may be wrought which could not be wrought before, becauſe they could not afford to pay the old tax; and the quantity of ſilver annually brought to market muſt always be ſomewhat greater, and, therefore, the value of any given quantity ſomewhat leſs, than it otherwiſe would have been. In conſequence of the reduction in 1736, the value of ſilver in the European market, though it may not at this day be lower than before that reduction,

reduction, is, probably, at leaſt ten per cent. lower than it would have been, had the Court of Spain continued to exact the old tax. CHAP. XI.

That, notwithſtanding this reduction, the value of ſilver has, during the courſe of the preſent century, begun to riſe ſomewhat in the European market, the facts and arguments which have been alleged above, diſpoſe me to believe, or more properly to ſuſpect and conjecture; for the beſt opinion which I can form upon this ſubject ſcarce, perhaps, deſerves the name of belief. The riſe, indeed, ſuppoſing there has been any, has hitherto been ſo very ſmall, that after all that has been ſaid, it may, perhaps, appear to many people uncertain, not only whether this event has actually taken place; but whether the contrary may not have taken place, or whether the value of ſilver may not ſtill continue to fall in the European market.

It muſt be obſerved, however, that whatever may be the ſuppoſed annual importation of gold and ſilver, there muſt be a certain period, at which the annual conſumption of thoſe metals will be equal to that annual importation. Their conſumption muſt increaſe as their maſs increaſes, or rather in a much greater proportion. As their maſs increaſes, their value diminiſhes. They are more uſed, and leſs cared for, and their conſumption conſequently increaſes in a greater proportion than their maſs. After a certain period, therefore, the annual conſumption of thoſe metals muſt, in this manner, become equal to their annual importation, provided that im-

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portation is not continually increaſing; which in the preſent times, is not ſuppoſed to be the caſe.

If, when the annual conſumption has become equal to the annual importation, the annual importation ſhould gradually diminiſh, the annual conſumption may, for ſome time, exceed the annual importation. The maſs of thoſe metals may gradually and inſenſibly diminiſh, and their value gradually and inſenſibly riſe, till the annual importation becoming again ſtationary, the annual conſumption will gradually and inſenſibly accommodate itſelf to what that annual importation can maintain.

Grounds of the Suſpicion that the Value of Silver ſtill continues to decreaſe.

THE increaſe of the wealth of Europe, and the popular notion that, as the quantity of the precious metals naturally increaſes with the increaſe of wealth, ſo their value diminiſhes as their quantity increaſes, may, perhaps, diſpoſe many people to believe that their value ſtill continues to fall in the European market; and the ſtill gradually increaſing price of many parts of the rude produce of land may confirm them ſtill further in this opinion.

That that increaſe in the quantity of the precious metals, which ariſes in any country from the increaſe of wealth, has no tendency to diminiſh their value, I have endeavoured to ſhow already. Gold and ſilver naturally reſort to a rich

rich country, for the ſame reaſon that all ſorts of luxuries and curioſities reſort to it; not becauſe they are cheaper there than in poorer countries, but becauſe they are dearer, or becauſe a better price is given for them. It is the ſuperiority of price which attracts them, and as ſoon as that ſuperiority ceaſes, they neceſſarily ceaſe to go thither. CHAP. XI.

If you except corn and ſuch other vegetables as are raiſed altogether by human induſtry, that all other ſorts of rude produce, cattle, poultry, game of all kinds, the uſeful foſſils and minerals of the earth, &c. naturally grow dearer as the ſociety advances in wealth and improvement, I have endeavoured to ſhow already. Though ſuch commodities, therefore, come to exchange for a greater quantity of ſilver than before, it will not from thence follow that ſilver has become really cheaper, or will purchaſe leſs labour than before, but that ſuch commodities have become really dearer, or will purchaſe more labour than before. It is not their nominal price only, but their real price which riſes in the progreſs of improvement. The riſe of their nominal price is the effect, not of any degradation of the value of ſilver, but of the riſe in their real price.

Different Effects of the Progreſs of Improvement upon three different Sorts of rude Produce.

THESE different ſorts of rude produce may be divided into three claſſes. The firſt comprehends thoſe which it is ſcarce in the

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power of human induſtry to multiply at all. The ſecond, thoſe which it can multiply in proportion to the demand. The third, thoſe in which the efficacy of induſtry is either limited or uncertain. In the progreſs of wealth and improvement, the real price of the firſt may riſe to any degree of extravagance, and ſeems not to be limited by any certain boundary. That of the ſecond, though it may riſe greatly, has, however, a certain boundary beyond which it cannot well paſs for any conſiderable time together. That of the third, though its natural tendency is to riſe in the progreſs of improvement, yet in the ſame degree of improvement it may ſometimes happen even to fall, ſometimes to continue the ſame, and ſometimes to riſe more or leſs, according as different accidents render the efforts of human induſtry, in multiplying this ſort of rude produce, more or leſs ſucceſsful.

Firſt Sort.

The firſt ſort of rude produce of which the price riſes in the progreſs of improvement, is that which it is ſcarce in the power of human induſtry to multiply at all. It conſiſts in thoſe things which nature produces only in certain quantities, and which being of a very periſhable nature, it is impoſſible to accumulate together the produce of many different ſeaſons. Such are the greater part of rare and ſingular birds and fiſhes, many different ſorts of game, almoſt all wild fowl, all birds of paſſage in particular, as well as many other things. When wealth and

the luxury which accompanies it increaſe, the demand for theſe is likely to increaſe with them, and no effort of human induſtry may be able to increaſe the ſupply much beyond what it was before this increaſe of the demand. The quantity of ſuch commodities, therefore, remaining the ſame, or nearly the ſame, while the competition to purchaſe them is continually increaſing, their price may riſe to any degree of extravagance, and ſeems not to be limited by any certain boundary. If woodcocks ſhould become ſo faſhionable as to ſell for twenty guineas a-piece, no effort of human induſtry could increaſe the number of thoſe brought to market, much beyond what it is at preſent. The high price paid by the Romans, in the time of their greateſt grandeur, for rare birds and fiſhes, may in this manner eaſily be accounted for. Theſe prices were not the effects of the low value of ſilver in thoſe times, but of the high value of ſuch rarities and curioſities as human induſtry could not multiply at pleaſure. The real value of ſilver was higher at Rome, for ſome time before and after the fall of the republic, than it is through the greater part of Europe at preſent. Three ſeſtertii, equal to about ſixpence ſterling, was the price which the republic paid for the modius or peck of the tithe wheat of Sicily. This price, however, was probably below the average market price, the obligation to deliver their wheat at this rate being conſidered as a tax upon the Sicilian farmers. When the Romans, therefore, had occaſion to order more corn than the tithe of

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* Lib. x. c. 29. † Lib. ix. c. 17.

in

in the preſent times. Seius gave for the nightingale the command of a quantity of labour and ſubſiſtence equal to what 66*l.* 13*s.* 4*d.* would purchaſe in the preſent times; and Aſinius Celer gave for the ſurmullet the command of a quantity equal to what 88*l.* 17*s.* 9¼*d.*, would purchaſe. What occaſioned the extravagance of thoſe high prices was, not ſo much the abundance of ſilver, as the abundance of labour and ſubſiſtence, of which thoſe Romans had the diſpoſal, beyond what was neceſſary for their own uſe. The quantity of ſilver, of which they had the diſpoſal, was a good deal leſs than what the command of the ſame quantity of labour and ſubſiſtence would have procured to them in the preſent times. CHAP. XI.

Second Sort.

The ſecond ſort of rude produce of which the price riſes in the progreſs of improvement, is that which human induſtry can multiply in proportion to the demand. It conſiſts in thoſe uſeful plants and animals, which, in uncultivated countries, nature produces with ſuch profuſe abundance, that they are of little or no value, and which, as cultivation advances, are therefore forced to give place to ſome more profitable produce. During a long period in the progreſs of improvement, the quantity of theſe is continually diminiſhing, while at the ſame time the demand for them is continually increaſing. Their real value, therefore, the real quantity of labour which they will purchaſe or command, gradually riſes, till at laſt it gets ſo

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high as to render them as profitable a produce as any thing elſe which human induſtry can raiſe upon the moſt fertile and beſt cultivated land. When it has got ſo high it cannot well go higher. If it did, more land and more induſtry would ſoon be employed to increaſe their quantity.

When the price of cattle, for example, riſes ſo high that it is as profitable to cultivate land in order to raiſe food for them, as in order to raiſe food for man, it cannot well go higher. If it did, more corn land would ſoon be turned into paſture. The extenſion of tillage, by diminiſhing the quantity of wild paſture, diminiſhes the quantity of butcher's-meat which the country naturally produces without labour or cultivation, and by increaſing the number of thoſe who have either corn, or, what comes to the ſame thing, the price of corn, to give in exchange for it, increaſes the demand. The price of butcher's-meat, therefore, and conſequently of cattle, muſt gradually riſe till it gets ſo high, that it becomes as profitable to employ the moſt fertile and beſt cultivated lands in raiſing food for them as in raiſing corn. But it muſt always be late in the progreſs of improvement before tillage can be ſo far extended as to raiſe the price of cattle to this height; and till it has got to this height, if the country is advancing at all, their price muſt be continually riſing. There are, perhaps, ſome parts of Europe in which the price of cattle has not yet got to this height. It had not got to this height in any part of Scotland before the union. Had the Scotch cattle been

been always confined to the market of Scotland, in a country in which the quantity of land, which can be applied to no other purpoſe but the feeding of cattle, is ſo great in proportion to what can be applied to other purpoſes, it is ſcarce poſſible, perhaps, that their price could ever have riſen ſo high as to render it profitable to cultivate land for the ſake of feeding them. In England, the price of cattle, it has already been obſerved, ſeems, in the neighbourhood of London, to have got to this height about the beginning of the laſt century; but it was much later probably before it got to it through the greater part of the remoter counties; in ſome of which, perhaps, it may ſcarce yet have got to it. Of all the different ſubſtances, however, which compoſe this ſecond ſort of rude produce, cattle is, perhaps, that of which the price, in the progreſs of improvement, firſt riſes to this height. CHAP. XI.

Till the price of cattle, indeed, has got to this height, it ſeems ſcarce poſſible that the greater part, even of thoſe lands which are capable of the higheſt cultivation, can be completely cultivated. In all farms too diſtant from any town to carry manure from it, that is, in the far greater part of thoſe of every extenſive country, the quantity of well-cultivated land muſt be in proportion to the quantity of manure which the farm itſelf produces; and this again muſt be in proportion to the ſtock of cattle which are maintained upon it. The land is manured either by paſturing the cattle upon it, or by feeding them in the ſtable, and from thence

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thence carrying out their dung to it. But unleſs the price of the cattle be ſufficient to pay both the rent and profit of cultivated land, the farmer cannot afford to paſture them upon it; and he can ſtill leſs afford to feed them in the ſtable. It is with the produce of improved and cultivated land only, that cattle can be fed in the ſtable; becauſe to collect the ſcanty and ſcattered produce of waſte and unimproved lands would require too much labour and be too expenſive. If the price of the cattle, therefore, is not ſufficient to pay for the produce of improved and cultivated land, when they are allowed to paſture it, that price will be ſtill leſs ſufficient to pay for that produce when it muſt be collected with a good deal of additional labour, and brought into the ſtable to them. In theſe circumſtances, therefore, no more cattle can, with profit, be fed in the ſtable than what are neceſſary for tillage. But theſe can never afford manure enough for keeping conſtantly in good condition, all the lands which they are capable of cultivating. What they afford being inſufficient for the whole farm, will naturally be reſerved for the lands to which it can be moſt advantageouſly or conveniently applied; the moſt fertile, or thoſe, perhaps, in the neighbourhood of the farm-yard. Theſe, therefore, will be kept conſtantly in good condition and fit for tillage. The reſt will, the greater part of them, be allowed to lie waſte, producing ſcarce any thing but ſome miſerable paſture, juſt ſufficient to keep alive a few ſtraggling, half-ſtarved cattle; the farm, though much

much underſtocked in proportion to what would be neceſſary for its complete cultivation, being very frequently overſtocked in proportion to its actual produce. A portion of this waſte land, however, after having been paſtured in this wretched manner for ſix or ſeven years together, may be ploughed up, when it will yield, perhaps, a poor crop or two of bad oats, or of ſome other coarſe grain, and then, being entirely exhauſted, it muſt be reſted and paſtured again as before, and another portion ploughed up to be in the ſame manner exhauſted and reſted again in its turn. Such accordingly was the general ſyſtem of management all over the low country of Scotland before the union. The lands which were kept conſtantly well manured and in good condition, ſeldom exceeded a third or a fourth part of the whole farm, and ſometimes did not amount to a fifth or a ſixth part of it. The reſt were never manured, but a certain portion of them was in its turn, notwithſtanding, regularly cultivated and exhauſted. Under this ſyſtem of management, it is evident, even that part of the lands of Scotland which is capable of good cultivation, could produce but little in compariſon of what it may be capable of producing. But how diſadvantageous ſoever this ſyſtem may appear, yet before the union the low price of cattle ſeems to have rendered it almoſt unavoidable. If, notwithſtanding a great riſe in their price, it ſtill continues to prevail through a conſiderable part of the country, it is owing, in many places, no doubt, to ignorance and attachment

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ment to old cuſtoms, but in moſt places to the unavoidable obſtructions which the natural courſe of things oppoſes to the immediate or ſpeedy eſtabliſhent of a better ſyſtem: firſt, to the poverty of the tenants, to their not having yet had time to acquire a ſtock of cattle ſufficient to cultivate their lands more completely, the ſame riſe of price which would render it advantageous for them to maintain a greater ſtock, rendering it more difficult for them to acquire it; and, ſecondly, to their not having yet had time to put their lands in condition to maintain this greater ſtock properly, ſuppoſing they were capable of acquiring it. The increaſe of ſtock and the improvement of land are two events which muſt go hand in hand, and of which the one can no-where much out-run the other. Without ſome increaſe of ſtock, there can be ſcarce any improvement of land, but there can be no conſiderable increaſe of ſtock but in conſequence of a conſiderable improvement of land; becauſe otherwiſe the land could not maintain it. Theſe natural obſtructions to the eſtabliſhment of a better ſyſtem, cannot be removed but by a long courſe of frugality and induſtry; and half a century or a century more, perhaps, muſt paſs away before the old ſyſtem, which is wearing out gradually, can be completely aboliſhed through all the different parts of the country. Of all the commercial advantages, however, which Scotland has derived from the union with England, this riſe in the price of cattle is, perhaps, the greateſt. It has not only raiſed the value of all highland eſtates,

eſtates, but it has, perhaps, been the principal cauſe of the improvement of the low country. CHAP. XI.

In all new colonies the great quantity of waſte land, which can for many years be applied to no other purpoſe but the feeding of cattle, ſoon renders them extremely abundant, and in every thing great cheapneſs is the neceſſary conſequence of great abundance. Though all the cattle of the European colonies in America were originally carried from Europe, they ſoon multiplied ſo much there, and became of ſo little value, that even horſes were allowed to run wild in the woods without any owner thinking it worth while to claim them. It muſt be a long time after the firſt eſtabliſhment of ſuch colonies, before it can become profitable to feed cattle upon the produce of cultivated land. The ſame cauſes, therefore, the want of manure, and the diſproportion between the ſtock employed in cultivation, and the land which it is deſtined to cultivate, are likely to introduce there a ſyſtem of huſbandry not unlike that which ſtill continues to take place in ſo many parts of Scotland. Mr. Kalm, the Swediſh traveller, when he gives an account of the huſbandry of ſome of the Engliſh colonies in North America, as he found it in 1749, obſerves, accordingly, that he can with difficulty diſcover there the character of the Engliſh nation, ſo well ſkilled in all the different branches of agriculture. They make ſcarce any manure for their corn fields, he ſays; but when one piece of ground has been exhauſted by continual cropping, they clear and cultivate another

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piece of freſh land; and when that is exhauſted, proceed to a third. Their cattle are allowed to wander through the woods and other uncultivated grounds, where they are half-ſtarved; having long ago extirpated almoſt all the annual graſſes by cropping them too early in the ſpring, before they had time to form their flowers, or to ſhed their ſeeds *. The annual graſſes were, it ſeems, the beſt natural graſſes in that part of North America; and when the Europeans firſt ſettled there, they uſed to grow very thick, and to riſe three or four feet high. A piece of ground which, when he wrote, could not maintain one cow, would in former times, he was aſſured, have maintained four, each of which would have given four times the quantity of milk which that one was capable of giving. The poorneſs of the paſture had, in his opinion, occaſioned the degradation of their cattle, which degenerated ſenſibly from one generation to another. They were probably not unlike that ſtunted breed which was common all over Scotland thirty or forty years ago, and which is now ſo much mended through the greater part of the low country, not ſo much by a change of the breed, though that expedient has been employed in ſome places, as by a more plentiful method of feeding them.

Though it is late, therefore, in the progreſs of improvement before cattle can bring ſuch a price as to render it profitable to cultivate land for the

* Kalm's Travels, vol. i. p. 343, 344.

ſake

ſake of feeding them; yet of all the different parts which compoſe this ſecond ſort of rude produce, they are perhaps the firſt which bring this price; becauſe till they bring it, it ſeems impoſſible that improvement can be brought near even to that degree of perfection to which it has arrived in many parts of Europe. CHAP. XI.

As cattle are among the firſt, ſo perhaps veniſon is among the laſt parts of this ſort of rude produce which bring this price. The price of veniſon in Great Britain, how extravagant ſoever it may appear, is not near ſufficient to compenſate the expence of a deer park, as is well known to all thoſe who have had any experience in the feeding of deer. If it was otherwiſe, the feeding of deer would ſoon become an article of common farming; in the ſame manner as the feeding of thoſe ſmall birds called Turdi was among the ancient Romans. Varro and Columella aſſure us that it was a moſt profitable article. The fattening of ortolans, birds of paſſage which arrive lean in the country, is ſaid to be ſo in ſome parts of France. If veniſon continues in faſhion, and the wealth and luxury of Great Britain increaſe as they have done for ſome time paſt, its price may very probably riſe ſtill higher than it is at preſent.

Between that period in the progreſs of improvement which brings to its height the price of ſo neceſſary an article as cattle, and that which brings to it the price of ſuch a ſuperfluity as veniſon, there is a very long interval, in the courſe of which many other ſorts of rude produce gradually

BOOK I. gradually arrive at their higheſt price, ſome ſooner and ſome later, according to different circumſtances,

Thus in every farm the offals of the barn and ſtables will maintain a certain number of poultry. Theſe, as they are fed with what would otherwiſe be loſt, are a mere ſave-all; and as they coſt the farmer ſcarce any thing, ſo he can afford to ſell them for very little. Almoſt all that he gets is pure gain, and their price can ſcarce be ſo low as to diſcourage him from feeding this number. But in countries ill cultivated, and, therefore, but thinly inhabited, the poultry, which are thus raiſed without expence, are often fully ſufficient to ſupply the whole demand. In this ſtate of things, therefore, they are often as cheap as butcher's-meat, or any other ſort of animal food. But the whole quantity of poultry, which the farm in this manner produces without expence, muſt always be much ſmaller than the whole quantity of butcher's-meat which is reared upon it; and in times of wealth and luxury what is rare, with only nearly equal merit, is always preferred to what is common. As wealth and luxury increaſe, therefore, in conſequence of improvement and cultivation, the price of poultry gradually riſes above that of butcher's-meat, till at laſt it gets ſo high that it becomes profitable to cultivate land for the ſake of feeding them. When it has got to this height it cannot well go higher. If it did, more land would ſoon be turned to this purpoſe. In ſeveral provinces of France, the feeding of poultry is conſidered

conſidered as a very important article in rural œconomy, and ſufficiently profitable to encourage the farmer to raiſe a conſiderable quantity of Indian corn and buck-wheat for this purpoſe. A middling farmer will there ſometimes have four hundred fowls in his yard. The feeding of poultry ſeems ſcarce yet to be generally conſidered as a matter of ſo much importance in England. They are certainly, however, dearer in England than in France, as England receives conſiderable ſupplies from France. In the progreſs of improvement, the period at which every particular ſort of animal food is deareſt, muſt naturally be that which immediately precedes the general practice of cultivating land for the ſake of raiſing it. For ſome time before this practice becomes general, the ſcarcity muſt neceſſarily raiſe the price. After it has become general, new methods of feeding are commonly fallen upon, which enable the farmer to raiſe upon the ſame quantity of ground a much greater quantity of that particular ſort of animal food. The plenty not only obliges him to ſell cheaper, but in conſequence of theſe improvements he can afford to ſell cheaper; for if he could not afford it, the plenty would not be of long continuance. It has been probably in this manner that the introduction of clover, turnips, carrots, cabbages, &c. has contributed to ſink the common price of butcher's-meat in the London market ſomewhat below what it was about the beginning of the laſt century.

The hog, that finds his food among ordure, and greedily devours many things rejected by every other uſeful animal, is, like poultry, originally kept as a ſave-all. As long as the number of ſuch animals, which can thus be reared at little or no expence, is fully ſufficient to ſupply the demand, this ſort of butcher's-meat comes to market at a much lower price than any other. But when the demand riſes beyond what this quantity can ſupply, when it becomes neceſſary to raiſe food on purpoſe for feeding and fattening hogs, in the ſame manner as for feeding and fattening other cattle, the price neceſſarily riſes, and becomes proportionably either higher or lower than that of other butcher's-meat, according as the nature of the country, and the ſtate of its agriculture, happen to render the feeding of hogs more or leſs expenſive than that of other cattle. In France, according to Mr. Buffon, the price of pork is nearly equal to that of beef. In moſt parts of Great Britain it is at preſent ſomewhat higher.

The great riſe in the price both of hogs and poultry has in Great Britain been frequently imputed to the diminution of the number of cottagers and other ſmall occupiers of land; an event which has in every part of Europe been the immediate forerunner of improvement and better cultivation, but which at the ſame time may have contributed to raiſe the price of thoſe articles, both ſomewhat ſooner and ſomewhat faſter than it would otherwiſe have riſen. As the pooreſt

pooreſt family can often maintain a cat or a dog, without any expence, ſo the pooreſt occupiers of land can commonly maintain a few poultry, or a ſow and a few pigs, at very little. The little offals of their own table, their whey, ſkimmed milk and butter-milk, ſupply thoſe animals with a part of their food, and they find the reſt in the neighbouring fields without doing any ſenſible damage to any body. By diminiſhing the number of thoſe ſmall occupiers, therefore, the quantity of this ſort of proviſions which is thus produced at little or no expence, muſt certainly have been a good deal diminiſhed, and their price muſt conſequently have been raiſed both ſooner and faſter than it would otherwiſe have riſen. Sooner or later, however, in the progreſs of improvement, it muſt at any rate have riſen to the utmoſt height to which it is capable of riſing; or to the price which pays the labour and expence of cultivating the land which furniſhes them with food as well as theſe are paid upon the greater part of other cultivated land.

The buſineſs of the dairy, like the feeding of hogs and poultry, is originally carried on as a ſave-all. The cattle neceſſarily kept upon the farm, produce more milk than either the rearing of their own young, or the conſumption of the farmer's family requires; and they produce moſt at one particular ſeaſon. But of all the productions of land, milk is perhaps the moſt periſhable. In the warm ſeaſon, when it is moſt abundant, it will ſcarce keep four-and-twenty hours. The farmer, by making it into freſh

BOOK I. butter, ſtores a ſmall part of it for a week: by making it into ſalt butter, for a year: and by making it into cheeſe, he ſtores a much greater part of it for ſeveral years. Part of all theſe is reſerved for the uſe of his own family. The reſt goes to market, in order to find the beſt price which is to be had, and which can ſcarce be ſo low as to diſcourage him from ſending thither whatever is over and above the uſe of his own family. If it is very low, indeed, he will be likely to manage his dairy in a very ſlovenly and dirty manner, and will ſcarce perhaps think it worth while to have a particular room or building on purpoſe for it, but will ſuffer the buſineſs to be carried on amidſt the ſmoke, filth, and naſtineſs of his own kitchen; as was the caſe of almoſt all the farmers' dairies in Scotland thirty or forty years ago, and as is the caſe of many of them ſtill. The ſame cauſes which gradually raiſe the price of butcher's-meat, the increaſe of the demand, and, in conſequence of the improvement of the country, the diminution of the quantity which can be fed at little or no expence, raiſe, in the ſame manner, that of the produce of the dairy, of which the price naturally connects with that of butcher's-meat, or with the expence of feeding cattle. The increaſe of price pays for more labour, care, and cleanlineſs. The dairy becomes more worthy of the farmer's attention, and the quality of its produce gradually improves. The price at laſt gets ſo high that it becomes worth while to employ ſome of the moſt fertile and beſt cultivated lands

lands in feeding cattle merely for the purpoſe of the dairy; and when it has got to this height, it cannot well go higher. If it did, more land would ſoon be turned to this purpoſe. It ſeems to have got to this height through the greater part of England, where much good land is commonly employed in this manner. If you except the neighbourhood of a few conſiderable towns, it ſeems not yet to have got to this height anywhere in Scotland, where common farmers ſeldom employ much good land in raiſing food for cattle merely for the purpoſe of the dairy. The price of the produce, though it has riſen very conſiderably within theſe few years, is probably ſtill too low to admit of it. The inferiority of the quality, indeed, compared with that of the produce of Engliſh dairies, is fully equal to that of the price. But this inferiority of quality is, perhaps, rather the effect of this lowneſs of price than the cauſe of it. Though the quality was much better, the greater part of what is brought to market could not, I apprehend, in the preſent circumſtances of the country, be diſpoſed of at a much better price; and the preſent price, it is probable, would not pay the expence of the land and labour neceſſary for producing a much better quality. Through the greater part of England, notwithſtanding the ſuperiority of price, the dairy is not reckoned a more profitable employment of land than the raiſing of corn, or the fattening of cattle, the two great objects of agriculture. Through the greater part of Scotland, therefore, it cannot yet be even ſo profitable.

CHAP. XI.

The lands of no country, it is evident, can ever be completely cultivated and improved, till once the price of every produce, which human induſtry is obliged to raiſe upon them, has got ſo high as to pay for the expence of complete improvement and cultivation. In order to do this, the price of each particular produce muſt be ſufficient, firſt, to pay the rent of good corn land, as it is that which regulates the rent of the greater part of other cultivated land; and ſecondly, to pay the labour and expence of the farmer as well as they are commonly paid upon good corn land; or, in other words, to replace with the ordinary profits the ſtock which he employs about it. This riſe in the price of each particular produce, muſt evidently be previous to the improvement and cultivation of the land which is deſtined for raiſing it. Gain is the end of all improvement, and nothing could deſerve that name of which loſs was to be the neceſſary conſequence. But loſs muſt be the neceſſary conſequence of improving land for the ſake of a produce of which the price could never bring back the expence. If the complete improvement and cultivation of the country be, as it moſt certainly is, the greateſt of all public advantages, this riſe in the price of all thoſe different ſorts of rude produce, inſtead of being conſidered as a public calamity, ought to be regarded as the neceſſary forerunner and attendant of the greateſt of all public advantages.

This riſe too in the nominal or money-price of all thoſe different ſorts of rude produce has been

been the effect, not of any degradation in the value of ſilver, but of a riſe in their real price. They have become worth, not only a greater quantity of ſilver, but a greater quantity of labour and ſubſiſtence than before. As it coſts a greater quantity of labour and ſubſiſtence to bring them to market, ſo when they are brought thither, they repreſent or are equivalent to a greater quantity. CHAP. XI.

Third Sort.

The third and laſt ſort of rude produce, of which the price naturally riſes in the progreſs of improvement, is that in which the efficacy of human induſtry, in augmenting the quantity, is either limited or uncertain. Though the real price of this ſort of rude produce, therefore, naturally tends to riſe in the progreſs of improvement, yet, according as different accidents happen to render the efforts of human induſtry more or leſs ſucceſsful in augmenting the quantity, it may happen ſometimes even to fall, ſometimes to continue the ſame in very different periods of improvement, and ſometimes to riſe more or leſs in the ſame period.

There are ſome ſorts of rude produce which nature has rendered a kind of appendages to other ſorts; ſo that the quantity of the one which any country can afford, is neceſſarily limited by that of the other. The quantity of wool or of raw hides, for example, which any

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country can afford, is neceſſarily limited by the number of great and ſmall cattle that are kept in it. The ſtate of its improvement, and the nature of its agriculture, again neceſſarily determine this number.

The ſame cauſes, which, in the progreſs of improvement, gradually raiſe the price of butcher's-meat, ſhould have the ſame effect, it may be thought, upon the prices of wool and raw hides, and raiſe them too nearly in the ſame proportion. It probably would be ſo, if in the rude beginnings of improvement the market for the latter commodities was confined within as narrow bounds as that for the former. But the extent of their reſpective markets is commonly extremely different.

The market for butcher's-meat is almoſt every-where confined to the country which produces it. Ireland, and ſome part of Britiſh America indeed, carry on a conſiderable trade in ſalt proviſions; but they are, I believe, the only countries in the commercial world which do ſo, or which export to other countries any conſiderable part of their butcher's-meat.

The market for wool and raw hides, on the contrary, is in the rude beginnings of improvement very ſeldom confined to the country which produces them. They can eaſily be tranſported to diſtant countries, wool without any preparation, and raw hides with very little: and as they are the materials of many manufactures, the induſtry of other countries may occaſion a demand for

for them, though that of the country which produces them might not occaſion any. CHAP. XI.

In countries ill cultivated, and therefore but thinly inhabited, the price of the wool and the hide bears always a much greater proportion to that of the whole beaſt, than in countries where, improvement and population being further advanced, there is more demand for butcher's-meat. Mr. Hume obſerves, that in the Saxon times, the fleece was eſtimated at two-fifths of the value of the whole ſheep, and that this was much above the proportion of its preſent eſtimation. In ſome provinces of Spain, I have been aſſured, the ſheep is frequently killed merely for the ſake of the fleece and the tallow. The carcaſe is often left to rot upon the ground, or to be devoured by beaſts and birds of prey. If this ſometimes happens even in Spain, it happens almoſt conſtantly in Chili, at Buenos Ayres, and in many other parts of Spaniſh America, where the horned cattle are almoſt conſtantly killed merely for the ſake of the hide and the tallow. This too uſed to happen almoſt conſtantly in Hiſpaniola, while it was infeſted by the Buccaneers, and before the ſettlement, improvement, and populouſneſs of the French plantations (which now extend round the coaſt of almoſt the whole weſtern half of the iſland) had given ſome value to the cattle of the Spaniards, who ſtill continue to poſſeſs, not only the eaſtern part of the coaſt, but the whole inland and mountainous part of the country.

Though

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Though in the progreſs of improvement and population, the price of the whole beaſt neceſſarily riſes, yet the price of the carcaſe is likely to be much more affected by this riſe than that of the wool and the hide. The market for the carcaſe, being in the rude ſtate of ſociety confined always to the country which produces it, muſt neceſſarily be extended in proportion to the improvement and population of that country. But the market for the wool and the hides even of a barbarous country often extending to the whole commercial world, it can very ſeldom be enlarged in the ſame proportion. The ſtate of the whole commercial world can ſeldom be much affected by the improvement of any particular country; and the market for ſuch commodities may remain the ſame, or very nearly the ſame, after ſuch improvements, as before. It ſhould, however, in the natural courſe of things, rather upon the whole be ſomewhat extended in conſequence of them. If the manufactures, eſpecially, of which thoſe commodities are the materials, ſhould ever come to flouriſh in the country, the market, though it might not be much enlarged, would at leaſt be brought much nearer to the place of growth than before; and the price of thoſe materials might at leaſt be increaſed by what had uſually been the expence of tranſporting them to diſtant countries. Though it might not riſe therefore in the ſame proportion as that of butcher's-meat, it ought naturally to riſe ſomewhat, and it ought certainly not to fall.

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In England, however, notwithſtanding the flouriſhing ſtate of its woollen manufacture, the price of Engliſh wool has fallen very conſiderably ſince the time of Edward III. There are many authentic records which demonſtrate that during the reign of that prince (towards the middle of the fourteenth century, or about 1339) what was reckoned the moderate and reaſonable price of the tod or twenty-eight pounds of Engliſh wool, was not leſs than ten ſhillings of the money of thoſe times *, containing, at the rate of twenty-pence the ounce, ſix ounces of ſilver Tower-weight, equal to about thirty ſhillings of our preſent money. In the preſent times, one-and-twenty ſhillings the tod may be reckoned a good price for very good Engliſh wool. The money-price of wool, therefore, in the time of Edward III., was to its money-price in the preſent times as ten to ſeven. The ſuperiority of its real price was ſtill greater. At the rate of ſix ſhillings and eight-pence the quarter, ten ſhillings was in thoſe ancient times the price of twelve buſhels of wheat. At the rate of twenty-eight ſhillings the quarter, one-and-twenty ſhillings is in the preſent times the price of ſix buſhels only. The proportion between the real prices of ancient and modern times, therefore, is as twelve to ſix, or as two to one. In thoſe ancient times a tod of wool would have purchaſed twice the quantity of ſubſiſtence which it will purchaſe at preſent; and conſequently twice

* See Smith's Memoirs of Wool, vol. i. c. 5, 6, and 7; alſo, vol. ii. c. 176.

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the quantity of labour, if the real recompence of labour had been the ſame in both periods.

This degradation both in the real and nominal value of wool could never have happened in conſequence of the natural courſe of things. It has accordingly been the effect of violence and artifice: Firſt, of the abſolute prohibition of exporting wool from England; Secondly, of the permiſſion of importing it from Spain duty free; Thirdly, of the prohibition of exporting it from Ireland to any other country but England. In conſequence of theſe regulations, the market for Engliſh wool, inſtead of being ſomewhat extended in conſequence of the improvement of England, has been confined to the home market, where the wool of ſeveral other countries is allowed to come into competition with it, and where that of Ireland is forced into competition with it. As the woollen manufactures too of Ireland are fully as much diſcouraged as is conſiſtent with juſtice and fair dealing, the Iriſh can work up but a ſmall part of their own wool at home, and are, therefore, obliged to ſend a greater proportion of it to Great Britain, the only market they are allowed.

I have not been able to find any ſuch authentic records concerning the price of raw hides in ancient times. Wool was commonly paid as a ſubſidy to the king, and its valuation in that ſubſidy aſcertains, at leaſt in ſome degree, what was its ordinary price. But this ſeems not to have been the caſe with raw hides. Fleetwood, however, from an account in 1425, between the prior

of Burceſter Oxford and one of his canons, gives us their price, at leaſt as it was ſtated, upon that particular occaſion, viz. five ox hides at twelve ſhillings; five cow hides at ſeven ſhillings and three-pence; thirty-ſix ſheep ſkins of two years old at nine ſhillings; ſixteen calves ſkins at two ſhillings. In 1425, twelve ſhillings contained about the ſame quantity of ſilver as four-and-twenty ſhillings of our preſent money. An ox hide, therefore, was in this account valued at the ſame quantity of ſilver as 4*s.* $\frac{1}{2}$ths of our preſent money. Its nominal price was a good deal lower than at preſent. But at the rate of ſix ſhillings and eight-pence the quarter, twelve ſhillings would in thoſe times have purchaſed fourteen buſhels and four-fifths of a buſhel of wheat, which, at three and ſix-pence the buſhel, would in the preſent times coſt 51*s.* 4*d.* An ox hide, therefore, would in thoſe times have purchaſed as much corn as ten ſhillings and three-pence would purchaſe at preſent. Its real value was equal to ten ſhillings and three-pence of our preſent money. In thoſe ancient times, when the cattle were half ſtarved during the greater part of the winter, we cannot ſuppoſe that they were of a very large ſize. An ox hide, which weighs four ſtone of ſixteen pounds avoirdupois, is not in the preſent times reckoned a bad one; and in thoſe ancient times would probably have been reckoned a very good one. But at half a crown the ſtone, which at this moment (February 1773) I underſtand to be the common price, ſuch a hide would at preſent coſt only ten ſhillings.

ſhillings. Though its nominal price, therefore, is higher in the preſent than it was in thoſe ancient times, its real price, the real quantity of ſubſiſtence which it will purchaſe or command, is rather ſomewhat lower. The price of cow hides, as ſtated in the above account, is nearly in the common proportion to that of ox hides. That of ſheep ſkins is a good deal above it. They had probably been ſold with the wool. That of calves ſkins, on the contrary, is greatly below it. In countries where the price of cattle is very low, the calves, which are not intended to be reared in order to keep up the ſtock, are generally killed very young; as was the caſe in Scotland twenty or thirty years ago. It ſaves the milk, which their price would not pay for. Their ſkins, therefore, are commonly good for little.

The price of raw hides is a good deal lower at preſent than it was a few years ago; owing probably to the taking off the duty upon ſeal ſkins, and to the allowing, for a limited time, the importation of raw hides from Ireland and from the plantations, duty free, which was done in 1769. Take the whole of the preſent century at an average, their real price has probably been ſomewhat higher than it was in thoſe ancient times. The nature of the commodity renders it not quite ſo proper for being tranſported to diſtant markets as wool. It ſuffers more by keeping. A ſalted hide is reckoned inferior to a freſh one, and ſells for a lower price. This circumſtance muſt neceſſarily have ſome tendency to ſink the price of raw hides produced

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in a country which does not manufacture them, but is obliged to export them; and comparatively to raiſe that of thoſe produced in a country which does manufacture them. It muſt have ſome tendency to ſink their price in a barbarous, and to raiſe it in an improved and manufacturing country. It muſt have had ſome tendency, therefore, to ſink it in ancient, and to raiſe it in modern times. Our tanners, beſides, have not been quite ſo ſucceſsful as our clothiers, in convincing the wiſdom of the nation, that the ſafety of the commonwealth depends upon the proſperity of their particular manufacture. They have accordingly been much leſs favoured. The exportation of raw hides has, indeed, been prohibited, and declared a nuiſance: but their importation from foreign countries has been ſubjected to a duty; and though this duty has been taken off from thoſe of Ireland and the plantations (for the limited time of five years only), yet Ireland has not been confined to the market of Great Britain for the ſale of its ſurplus hides, or of thoſe which are not manufactured at home. The hides of common cattle have but within theſe few years been put among the enumerated commodities which the plantations can ſend no where but to the mother country; neither has the commerce of Ireland been in this caſe oppreſſed hitherto, in order to ſupport the manufactures of Great Britain.

Whatever regulations tend to ſink the price either of wool or raw hides below what it naturally would be, muſt, in an improved and

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cultivated country, have ſome tendency to raiſe the price of butcher's meat. The price both of the great and ſmall cattle, which are fed on improved and cultivated land, muſt be ſufficient to pay the rent which the landlord, and the profit which the farmer, has reaſon to expect from improved and cultivated land. If it is not, they will ſoon ceaſe to feed them. Whatever part of this price, therefore, is not paid by the wool and the hide, muſt be paid by the carcaſe. The leſs there is paid for the one, the more muſt be paid for the other. In what manner this price is to be divided upon the different parts of the beaſt, is indifferent to the landlords and farmers, provided it is all paid to them. In an improved and cultivated country, therefore, their intereſt as landlords and farmers cannot be much affected by ſuch regulations, though their intereſt as conſumers may, by the riſe in the price of proviſions. It would be quite otherwiſe, however, in an unimproved and uncultivated country, where the greater part of the lands could be applied to no other purpoſe but the feeding of cattle, and where the wool and the hide made the principal part of the value of thoſe cattle. Their intereſt as landlords and farmers would in this caſe be very deeply affected by ſuch regulations, and their intereſt as conſumers very little. The fall in the price of wool and the hide, would not in this caſe raiſe the price of the carcaſe; becauſe the greater part of the lands of the country being applicable to no other purpoſe but the feeding of cattle, the ſame number would ſtill

ſtill continue to be fed. The ſame quantity of butcher's-meat would ſtill come to market. The demand for it would be no greater than before. Its price, therefore, would be the ſame as before. The whole price of cattle would fall, and along with it both the rent and the profit of all thoſe lands of which cattle was the principal produce, that is, of the greater part of the lands of the country. The perpetual prohibition of the exportation of wool, which is commonly, but very falſely, aſcribed to Edward III., would, in the then circumſtances of the country, have been the moſt deſtructive regulation which could well have been thought of. It would not only have reduced the actual value of the greater part of the lands of the kingdom, but by reducing the price of the moſt important ſpecies of ſmall cattle, it would have retarded very much its ſubſequent improvement. CHAP. XI.

The wool of Scotland fell very conſiderably in its price in conſequence of the union with England, by which it was excluded from the great market of Europe, and confined to the narrow one of Great Britain. The value of the greater part of the lands in the ſouthern counties of Scotland, which are chiefly a ſheep country, would have been very deeply affected by this event, had not the riſe in the price of butcher's-meat fully compenſated the fall in the price of wool.

As the efficacy of human induſtry, in increaſing the quantity either of wool or of raw hides, is limited, ſo far as it depends upon the

produce of the country where it is exerted; ſo it is uncertain ſo far as it depends upon the produce of other countries. It ſo far depends, not ſo much upon the quantity which they produce, as upon that which they do not manufacture; and upon the reſtraints which they may or may not think proper to impoſe upon the exportation of this ſort of rude produce. Theſe circumſtances, as they are altogether independent of domeſtic induſtry, ſo they neceſſarily render the efficacy of its efforts more or leſs uncertain. In multiplying this ſort of rude produce, therefore, the efficacy of human induſtry is not only limited, but uncertain.

In multiplying another very important ſort of rude produce, the quantity of fiſh that is brought to market, it is likewiſe both limited and uncertain. It is limited by the local ſituation of the country, by the proximity or diſtance of its different provinces from the ſea, by the number of its lakes and rivers, and by what may be called the fertility or barrenneſs of thoſe ſeas, lakes and rivers, as to this ſort of rude produce. As population increaſes, as the annual produce of the land and labour of the country grows greater and greater, there come to be more buyers of fiſh, and thoſe buyers too have a greater quantity and variety of other goods, or, what is the ſame thing, the price of a greater quantity and variety of other goods, to buy with. But it will generally be impoſſible to ſupply the great and extended market without employing a quantity of labour greater than in proportion to

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what had been requiſite for ſupplying the narrow and confined one. A market which, from requiring only one thouſand, comes to require annually ten thouſand ton of fiſh, can ſeldom be ſupplied without employing more than ten times the quantity of labour which had before been ſufficient to ſupply it. The fiſh muſt generally be ſought for at a greater diſtance, larger veſſels muſt be employed, and more extenſive machinery of every kind made uſe of. The real price of this commodity, therefore, naturally riſes in the progreſs of improvement. It has accordingly done ſo, I believe, more or leſs in every country. CHAP. XI.

Though the ſucceſs of a particular day's fiſhing may be a very uncertain matter, yet, the local ſituation of the country being ſuppoſed, the general efficacy of induſtry in bringing a certain quantity of fiſh to market, taking the courſe of a year, or of ſeveral years together, it may perhaps be thought, is certain enough; and it, no doubt, is ſo. As it depends more, however, upon the local ſituation of the country, than upon the ſtate of its wealth and induſtry; as upon this account it may in different countries be the ſame in very different periods of improvement, and very different in the ſame period; its connection with the ſtate of improvement is uncertain, and it is of this ſort of uncertainty that I am here ſpeaking.

In increaſing the quantity of the different minerals and metals which are drawn from the bowels of the earth, that of the more precious

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ones particularly, the efficacy of human induſtry ſeems not to be limited, but to be altogether uncertain.

The quantity of the precious metals which is to be found in any country is not limited by any thing in its local ſituation, ſuch as the fertility or barrenneſs of its own mines. Thoſe metals frequently abound in countries which poſſeſs no mines. Their quantity in every particular country ſeems to depend upon two different circumſtances; firſt, upon its power of purchaſing, upon the ſtate of its induſtry, upon the annual produce of its land and labour, in conſequence of which it can afford to employ a greater or a ſmaller quantity of labour and ſubſiſtence in bringing or purchaſing ſuch ſuperfluities as gold and ſilver, either from its own mines or from thoſe of other countries; and, ſecondly, upon the fertility or barrenneſs of the mines which may happen at any particular time to ſupply the commercial world with thoſe metals. The quantity of thoſe metals in the countries moſt remote from the mines, muſt be more or leſs affected by this fertility or barrenneſs, on account of the eaſy and cheap tranſportation of thoſe metals, of their ſmall bulk and great value. Their quantity in China and Indoſtan muſt have been more or leſs affected by the abundance of the mines of America.

So far as their quantity in any particular country depends upon the former of thoſe two circumſtances (the power of purchaſing), their real price, like that of all other luxuries and ſuperfluities, is likely to riſe with the wealth and improvement

provement of the country, and to fall with its poverty and depreſſion. Countries which have a great quantity of labour and ſubſiſtence to ſpare, can afford to purchaſe any particular quantity of thoſe metals at the expence of a greater quantity of labour and ſubſiſtence, than countries which have leſs to ſpare. CHAP. XI.

So far as their quantity in any particular country depends upon the latter of thoſe two circumſtances (the fertility or barrenneſs of the mines which happen to ſupply the commercial world), their real price, the real quantity of labour and ſubſiſtence which they will purchaſe or exchange for, will, no doubt, ſink more or leſs in proportion to the fertility, and riſe in proportion to the barrenneſs, of thoſe mines.

The fertility or barrenneſs of the mines, however, which may happen at any particular time to ſupply the commercial world, is a circumſtance which, it is evident, may have no ſort of connection with the ſtate of induſtry in a particular country. It ſeems even to have no very neceſſary connection with that of the world in general. As arts and commerce, indeed, gradually ſpread themſelves over a greater and a greater part of the earth, the ſearch for new mines, being extended over a wider ſurface, may have ſomewhat a better chance for being ſucceſsful, than when confined within narrower bounds. The diſcovery of new mines, however, as the old ones come to be gradually exhauſted, is a matter of the greateſt uncertainty, and ſuch as no human ſkill or induſtry can enſure. All

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indications, it is acknowledged, are doubtful, and the actual diſcovery and ſucceſsful working of a new mine can alone aſcertain the reality of its value, or even of its exiſtence. In this ſearch there ſeem to be no certain limits either to the poſſible ſucceſs, or to the poſſible diſappointment of human induſtry. In the courſe of a century or two, it is poſſible that new mines may be diſcovered more fertile than any that have ever yet been known; and it is juſt equally poſſible that the moſt fertile mine then known may be more barren than any that was wrought before the diſcovery of the mines of America. Whether the one or the other of thoſe two events may happen to take place, is of very little importance to the real wealth and proſperity of the world, to the real value of the annual produce of the land and labour of mankind. Its nominal value, the quantity of gold and ſilver by which this annual produce could be expreſſed or repreſented, would, no doubt, be very different; but its real value, the real quantity of labour which it could purchaſe or command, would be preciſely the ſame. A ſhilling might in the one caſe repreſent no more labour than a penny does at preſent; and a penny in the other might repreſent as much as a ſhilling does now. But in the one caſe he who had a ſhilling in his pocket, would be no richer than he who has a penny at preſent; and in the other, he who had a penny would be juſt as rich as he who has a ſhilling now. The cheapneſs and abundance of gold and ſilver plate, would be the ſole advantage which

which the world could derive from the one event, and the dearneſs and ſcarcity of thoſe trifling ſuperfluities the only inconveniency it could ſuffer from the other. CHAP. XI.

Concluſion of the Digreſſion concerning the Variations in the Value of Silver.

THE greater part of the writers who have collected the money prices of things in ancient times, ſeem to have conſidered the low money price of corn, and of goods in general, or, in other words, the high value of gold and ſilver, as a proof, not only of the ſcarcity of thoſe metals, but of the poverty and barbariſm of the country at the time when it took place. This notion is connected with the ſyſtem of political œconomy which repreſents national wealth as conſiſting in the abundance, and national poverty in the ſcarcity, of gold and ſilver; a ſyſtem which I ſhall endeavour to explain and examine at great length in the fourth book of this enquiry. I ſhall only obſerve at preſent, that the high value of the precious metals can be no proof of the poverty or barbariſm of any particular country at the time when it took place. It is a proof only of the barrenneſs of the mines which happened at that time to ſupply the commercial world. A poor country, as it cannot afford to buy more, ſo it can as little afford to pay dearer for gold and ſilver than a rich one; and the value of thoſe metals, therefore, is not likely to be higher in the former than in the latter. In China, a coun-

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try much richer than any part of Europe, the value of the precious metals is much higher than in any part of Europe. As the wealth of Europe, indeed, has increaſed greatly ſince the diſcovery of the mines of America, ſo the value of gold and ſilver has gradually diminiſhed. This diminution of their value, however, has not been owing to the increaſe of the real wealth of Europe, of the annual produce of its land and labour, but to the accidental diſcovery of more abundant mines than any that were known before. The increaſe of the quantity of gold and ſilver in Europe, and the increaſe of its manufactures and agriculture, are two events which, though they have happened nearly about the ſame time, yet have ariſen from very different cauſes, and have ſcarce any natural connection with one another. The one has ariſen from a mere accident, in which neither prudence nor policy either had or could have any ſhare: The other from the fall of the feudal ſyſtem, and from the eſtabliſhment of a government which afforded to induſtry the only encouragement which it requires, ſome tolerable ſecurity that it ſhall enjoy the fruits of its own labour. Poland, where the feudal ſyſtem ſtill continues to take place, is at this day as beggarly a country as it was before the diſcovery of America. The money price of corn, however, has riſen; the real value of the precious metals has fallen in Poland, in the ſame manner as in other parts of Europe. Their quantity, therefore, muſt have increaſed there as in other places, and nearly in the

the ſame proportion to the annual produce of its land and labour. This increaſe of the quantity of thoſe metals, however, has not, it ſeems, increaſed that annual produce, has neither improved the manufactures and agriculture of the country, nor mended the circumſtances of its inhabitants. Spain and Portugal, the countries which poſſeſs the mines, are, after Poland, perhaps, the two moſt beggarly countries in Europe. The value of the precious metals, however, muſt be lower in Spain and Portugal than in any other part of Europe; as they come from thoſe countries to all other parts of Europe, loaded, not only with a freight and an inſurance, but with the expence of ſmuggling, their exportation being either prohibited, or ſubjected to a duty. In proportion to the annual produce of the land and labour, therefore, their quantity muſt be greater in thoſe countries than in any other part of Europe: Thoſe countries, however, are poorer than the greater part of Europe. Though the feudal ſyſtem has been aboliſhed in Spain and Portugal, it has not been ſucceeded by a much better. CHAP. XI.

As the low value of gold and ſilver, therefore, is no proof of the wealth and flouriſhing ſtate of the country where it takes place; ſo neither is their high value, or the low money price either of goods in general, or of corn in particular, any proof of its poverty and barbariſm.

But though the low money price either of goods in general, or of corn in particular, be no proof of the poverty or barbariſm of the times,

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the low money price of ſome particular ſorts of goods, ſuch as cattle, poultry, game of all kinds, &c. in proportion to that of corn, is a moſt deciſive one. It clearly demonſtrates, firſt, their great abundance in proportion to that of corn, and conſequently the great extent of the land which they occupied in proportion to what was occupied by corn; and, ſecondly, the low value of this land in proportion to that of corn land, and conſequently the uncultivated and unimproved ſtate of the far greater part of the lands of the country. It clearly demonſtrates that the ſtock and population of the country did not bear the ſame proportion to the extent of its territory, which they commonly do in civilized countries, and that ſociety was at that time, and in that country, but in its infancy. From the high or low money price either of goods in general, or of corn in particular, we can infer only that the mines which at that time happened to ſupply the commercial world with gold and ſilver, were fertile or barren, not that the country was rich or poor. But from the high or low money price of ſome ſorts of goods in proportion to that of others, we can infer, with a degree of probability that approaches almoſt to certainty, that it was rich or poor, that the greater part of its lands were improved or unimproved, and that it was either in a more or leſs barbarous ſtate, or in a more or leſs civilized one.

Any riſe in the money price of goods which proceeded altogether from the degradation of the value of ſilver, would affect all ſorts of goods

equally, and raiſe their price univerſally a third, or a fourth, or a fifth part higher, according as ſilver happened to loſe a third, or a fourth, or a fifth part of its former value. But the riſe in the price of proviſions, which has been the ſubject of ſo much reaſoning and converſation, does not affect all ſorts of proviſions equally. Taking the courſe of the preſent century at an average, the price of corn, it is acknowledged, even by thoſe who account for this riſe by the degradation of the value of ſilver, has riſen much leſs than that of ſome other ſorts of proviſions. The riſe in the price of thoſe other ſorts of proviſions, therefore, cannot be owing altogether to the degradation of the value of ſilver. Some other cauſes muſt be taken into the account, and thoſe which have been above aſſigned, will, perhaps, without having recourſe to the ſuppoſed degradation of the value of ſilver, ſufficiently explain this riſe in thoſe particular ſorts of proviſions of which the price has actually riſen in proportion to that of corn.

As to the price of corn itſelf, it has, during the ſixty-four firſt years of the preſent century, and before the late extraordinary courſe of bad ſeaſons, been ſomewhat lower than it was during the ſixty-four laſt years of the preceding century. This fact is atteſted, not only by the accounts of Windſor market, but by the public fiars of all the different counties of Scotland, and by the accounts of ſeveral different markets in France, which have been collected with great diligence and fidelity by Mr. Meſſance, and by Mr. Duprè de

de St. Maur. The evidence is more complete than could well have been expected in a matter which is naturally ſo very difficult to be aſcertained.

As to the high price of corn during theſe laſt ten or twelve years, it can be ſufficiently accounted for from the badneſs of the ſeaſons, without ſuppoſing any degradation in the value of ſilver.

The opinion, therefore, that ſilver is continually ſinking in its value, ſeems not to be founded upon any good obſervations, either upon the prices of corn, or upon thoſe of other proviſions.

The ſame quantity of ſilver, it may, perhaps, be ſaid, will in the preſent times, even according to the account which has been here given, purchaſe a much ſmaller quantity of ſeveral ſorts of proviſions than it would have done during ſome part of the laſt century; and to aſcertain whether this change be owing to a riſe in the value of thoſe goods, or to a fall in the value of ſilver, is only to eſtabliſh a vain and uſeleſs diſtinction, which can be of no ſort of ſervice to the man who has only a certain quantity of ſilver to go to market with, or a certain fixed revenue in money. I certainly do not pretend that the knowledge of this diſtinction will enable him to buy cheaper. It may not, however, upon that account be altogether uſeleſs.

It may be of ſome uſe to the public by affording an eaſy proof of the proſperous condition of the country. If the riſe in the price of ſome ſorts

ſorts of proviſions be owing altogether to a fall in the value of ſilver, it is owing to a circumſtance from which nothing can be inferred but the fertility of the American mines. The real wealth of the country, the annual produce of its land and labour, may, notwithſtanding this circumſtance, be either gradually declining, as in Portugal and Poland; or gradually advancing, as in moſt other parts of Europe. But if this riſe in the price of ſome ſorts of proviſions be owing to a riſe in the real value of the land which produces them, to its increaſed fertility; or, in conſequence of more extended improvement and good cultivation, to its having been rendered fit for producing corn; it is owing to a circumſtance which indicates in the cleareſt manner the proſperous and advancing ſtate of the country. The land conſtitutes by far the greateſt, the moſt important, and the moſt durable part of the wealth of every extenſive country. It may ſurely be of ſome uſe, or, at leaſt, it may give ſome ſatisfaction to the Public, to have ſo deciſive a proof of the increaſing value of by far the greateſt, the moſt important, and the moſt durable part of its wealth.

It may too be of ſome uſe to the Public in regulating the pecuniary reward of ſome of its inferior ſervants. If this riſe in the price of ſome ſorts of proviſions be owing to a fall in the value of ſilver, their pecuniary reward, provided it was not too large before, ought certainly to be augmented in proportion to the extent of this fall. If it is not augmented, their real recompence

BOOK I.

compence will evidently be ſo much diminiſhed. But if this riſe of price is owing to the increaſed value, in conſequence of the improved fertility of the land which produces ſuch proviſions, it becomes a much nicer matter to judge either in what proportion any pecuniary reward ought to be augmented, or whether it ought to be augmented at all. The extenſion of improvement and cultivation, as it neceſſarily raiſes more or leſs, in proportion to the price of corn, that of every ſort of animal food, ſo it as neceſſarily lowers that of, I believe, every ſort of vegetable food. It raiſes the price of animal food; becauſe a great part of the land which produces it, being rendered fit for producing corn, muſt afford to the landlord and farmer the rent and profit of corn land. It lowers the price of vegetable food; becauſe, by increaſing the fertility of the land, it increaſes its abundance. The improvements of agriculture too introduce many ſorts of vegetable food, which, requiring leſs land and not more labour than corn, come much cheaper to market. Such are potatoes and maize, or what is called Indian corn, the two moſt important improvements which the agriculture of Europe, perhaps, which Europe itſelf, has received from the great extenſion of its commerce and navigation. Many ſorts of vegetable food, beſides, which in the rude ſtate of agriculture are confined to the kitchen-garden, and raiſed only by the ſpade, come in its improved ſtate to be introduced into common fields, and to be raiſed by the plough: ſuch as turnips, carrots, cabbages,

bages, &c. If in the progreſs of improvement, therefore, the real price of one ſpecies of food neceſſarily riſes, that of another as neceſſarily falls, and it becomes a matter of more nicety to judge how far the riſe in the one may be compenſated by the fall in the other. When the real price of butcher's-meat has once got to its height (which, with regard to every ſort, except, perhaps, that of hog's fleſh, it ſeems to have done through a great part of England more than a century ago), any riſe which can afterwards happen in that of any other ſort of animal food, cannot much affect the circumſtances of the inferior ranks of people. The circumſtances of the poor through a great part of England cannot ſurely be ſo much diſtreſſed by any riſe in the price of poultry, fiſh, wild-fowl, or veniſon, as they muſt be relieved by the fall in that of potatoes. CHAP. XI.

In the preſent ſeaſon of ſcarcity the high price of corn no doubt diſtreſſes the poor. But in times of moderate plenty, when corn is at its ordinary or average price, the natural riſe in the price of any other ſort of rude produce cannot much affect them. They ſuffer more, perhaps, by the artificial riſe which has been occaſioned by taxes in the price of ſome manufactured commodities; as of ſalt, ſoap, leather, candles, malt, beer, and ale, &c.

Effects of the Progreſs of Improvement upon the real Price of Manufactures.

IT is the natural effect of improvement, however, to diminiſh gradually the real price of almoſt all manufactures. That of the manufacturing workmanſhip diminiſhes, perhaps, in all of them without exception. In conſequence of better machinery, of greater dexterity, and of a more proper diviſion and diſtribution of work, all of which are the natural effects of improvement, a much ſmaller quantity of labour becomes requiſite for executing any particular piece of work; and though, in conſequence of the flouriſhing circumſtances of the ſociety, the real price of labour ſhould riſe very conſiderably, yet the great diminution of the quantity will generally much more than compenſate the greateſt riſe which can happen in the price.

There are, indeed, a few manufactures, in which the neceſſary riſe in the real price of the rude materials will more than compenſate all the advantages which improvement can introduce into the execution of the work. In carpenters and joiners work, and in the coarſer ſort of cabinet work, the neceſſary riſe in the real price of barren timber, in conſequence of the improvement of land, will more than compenſate all the advantages which can be derived from the beſt machinery, the greateſt dexterity, and the moſt proper diviſion and diſtribution of work.

But

But in all cafes in which the real price of the rude materials either does not rife at all, or does not rife very much, that of the manufactured commodity finks very confiderably.

This diminution of price has, in the courfe of the prefent and preceding century, been moft remarkable in thofe manufactures of which the materials are the coarfer metals. A better movement of a watch, than about the middle of the laft century could have been bought for twenty pounds, may now perhaps be had for twenty fhillings. In the work of cutlers and lockfmiths, in all the toys which are made of the coarfer metals, and in all thofe goods which are commonly known by the name of Birmingham and Sheffield ware, there has been, during the fame period, a very great reduction of price, though not altogether fo great as in watch-work. It has, however, been fufficient to aftonifh the workmen of every other part of Europe, who in many cafes acknowledge that they can produce no work of equal goodnefs for double, or even for triple the price. There are perhaps no manufactures in which the divifion of labour can be carried further, or in which the machinery employed admits of a greater variety of improvements, than thofe of which the materials are the coarfer metals.

In the clothing manufacture there has, during the fame period, been no fuch fenfible reduction of price. The price of fuperfine cloth, I have been affured, on the contrary, has, within thefe five-and-twenty or thirty years, rifen fomewhat

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in proportion to its quality; owing, it was ſaid, to a conſiderable riſe in the price of the material, which conſiſts altogether of Spaniſh wool. That of the Yorkſhire cloth, which is made altogether of Engliſh wool, is ſaid indeed, during the courſe of the preſent century, to have fallen a good deal in proportion to its quality. Quality, however, is ſo very diſputable a matter, that I look upon all information of this kind as ſomewhat uncertain. In the clothing manufacture, the diviſion of labour is nearly the ſame now as it was a century ago, and the machinery employed is not very different. There may, however, have been ſome ſmall improvements in both, which may have occaſioned ſome reduction of price.

But the reduction will appear much more ſenſible and undeniable, if we compare the price of this manufacture in the preſent times with what it was in a much remoter period, towards the end of the fifteenth century, when the labour was probably much leſs ſubdivided, and the machinery employed much more imperfect, than it is at preſent.

In 1487, being the 4th of Henry VII., it was enacted, that "whoſoever ſhall ſell by retail a "broad yard of the fineſt ſcarlet grained, or of "other grained cloth of the fineſt making, "above ſixteen ſhillings, ſhall forfeit forty ſhil-"lings for every yard ſo ſold." Sixteen ſhillings, therefore, containing about the ſame quantity of ſilver as four-and-twenty ſhillings of our preſent money, was, at that time, reckoned

not an unreaſonable price for a yard of the fineſt cloth; and as this is a ſumptuary law, ſuch cloth, it is probable, had uſually been ſold ſomewhat dearer. A guinea may be reckoned the higheſt price in the preſent times. Even though the quality of the cloths, therefore, ſhould be ſuppoſed equal, and that of the preſent times is moſt probably much ſuperior, yet, even upon this ſuppoſition, the money price of the fineſt cloth appears to have been conſiderably reduced ſince the end of the fifteenth century. But its real price has been much more reduced. Six ſhillings and eight-pence was then, and long afterwards, reckoned the average price of a quarter of wheat. Sixteen ſhillings, therefore, was the price of two quarters and more than three buſhels of wheat. Valuing a quarter of wheat in the preſent times at eight-and-twenty ſhillings, the real price of a yard of fine cloth muſt, in thoſe times, have been equal to at leaſt three pounds ſix ſhillings and ſixpence of our preſent money. The man who bought it muſt have parted with the command of a quantity of labour and ſubſiſtence equal to what that ſum would purchaſe in the preſent times.

The reduction in the real price of the coarſe manufacture, though conſiderable, has not been ſo great as in that of the fine.

In 1463, being the 3d of Edward IV., it was enacted, that "no ſervant in huſbandry, nor "common labourer, nor ſervant to any artificer "inhabiting out of a city or burgh, ſhall uſe or "wear in their clothing any cloth above two

BOOK I. "ſhillings the broad yard." In the 3d of Edward IV. two ſhillings contained very nearly the ſame quantity of ſilver as four of our preſent money. But the Yorkſhire cloth which is now ſold at four ſhillings the yard, is probably much ſuperior to any that was then made for the wearing of the very pooreſt order of common ſervants. Even the money price of their clothing, therefore, may, in proportion to the quality, be ſomewhat cheaper in the preſent than it was in thoſe ancient times. The real price is certainly a good deal cheaper. Ten-pence was then reckoned what is called the moderate and reaſonable price of a buſhel of wheat. Two ſhillings, therefore, was the price of two buſhels and near two pecks of wheat, which in the preſent times, at three ſhillings and ſixpence the buſhel, would be worth eight ſhillings and nine-pence. For a yard of this cloth the poor ſervant muſt have parted with the power of purchaſing a quantity of ſubſiſtence equal to what eight ſhillings and nine-pence would purchaſe in the preſent times. This is a ſumptuary law too, reſtraining the luxury and extravagance of the poor. Their clothing, therefore, had commonly been much more expenſive.

The ſame order of people are, by the ſame law, prohibited from wearing hoſe, of which the price ſhould exceed fourteen-pence the pair, equal to about eight-and-twenty pence of our preſent money. But fourteen-pence was in thoſe times the price of a buſhel and near two pecks of wheat; which, in the preſent times, at three and ſixpence

ſixpence the buſhel, would coſt five ſhillings and three-pence. We ſhould in the preſent times conſider this as a very high price for a pair of ſtockings to a ſervant of the pooreſt and loweſt order. He muſt, however, in thoſe times have paid what was really equivalent to this price for them. CHAP. XI.

In the time of Edward IV. the art of knitting ſtockings was probably not known in any part of Europe. Their hoſe were made of common cloth, which may have been one of the cauſes of their dearneſs. The firſt perſon that wore ſtockings in England is ſaid to have been Queen Elizabeth. She received them as a preſent from the Spaniſh ambaſſador.

Both in the coarſe and in the fine woollen manufacture, the machinery employed was much more imperfect in thoſe ancient, than it is in the preſent times. It has ſince received three very capital improvements, beſides, probably, many ſmaller ones of which it may be difficult to aſcertain either the number or the importance. The three capital improvements are: firſt, The exchange of the rock and ſpindle for the ſpinning-wheel, which, with the ſame quantity of labour, will perform more than double the quantity of work. Secondly, the uſe of ſeveral very ingenious machines which facilitate and abridge in a ſtill greater proportion the winding of the worſted and woollen yarn, or the proper arrangement of the warp and woof before they are put into the loom; an operation which, pre-

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vious to the invention of thoſe machines, muſt have been extremely tedious and troubleſome. Thirdly, The employment of the fulling mill for thickening the cloth, inſtead of treading it in water. Neither wind nor water mills of any kind were known in England ſo early as the beginning of the ſixteenth century, nor, ſo far as I know, in any other part of Europe north of the Alps. They had been introduced into Italy ſome time before.

The conſideration of theſe circumſtances may, perhaps, in ſome meaſure explain to us why the real price both of the coarſe and of the fine manufacture, was ſo much higher in thoſe ancient, than it is in the preſent times. It coſt a greater quantity of labour to bring the goods to market. When they were brought thither, therefore, they muſt have purchaſed or exchanged for the price of a greater quantity.

The coarſe manufacture probably was, in thoſe ancient times, carried on in England, in the ſame manner as it always has been in countries where arts and manufactures are in their infancy. It was probably a houſhold manufacture, in which every different part of the work was occaſionally performed by all the different members of almoſt every private family; but ſo as to be their work only when they had nothing elſe to do, and not to be the principal buſineſs from which any of them derived the greater part of their ſubſiſtence. The work which is performed in this manner, it has already been obſerved,

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comes always much cheaper to market than that which is the principal or ſole fund of the workman's ſubſiſtence. The fine manufacture, on the other hand, was not in thoſe times carried on in England, but in the rich and commercial country of Flanders; and it was probably conducted then, in the ſame manner as now, by people who derived the whole, or the principal part of their ſubſiſtence from it. It was beſides a foreign manufacture, and muſt have paid ſome duty, the ancient cuſtom of tonnage and poundage at leaſt, to the King. This duty, indeed, would not probably be very great. It was not then the policy of Europe to reſtrain, by high duties, the importation of foreign manufactures, but rather to encourage it, in order that merchants might be enabled to ſupply, at as eaſy a rate as poſſible, the great men with the conveniencies and luxuries which they wanted, and which the induſtry of their own country could not afford them. CHAP. XI.

The conſideration of theſe circumſtances may perhaps in ſome meaſure explain to us why, in thoſe ancient times, the real price of the coarſe manufacture was, in proportion to that of the fine, ſo much lower than in the preſent times,

CONCLUSION OF THE CHAPTER.

I SHALL conclude this very long chapter with obſerving, that every improvement in the circumſtances of the ſociety tends either directly or indirectly to raiſe the real rent of land, to increaſe the real wealth of the landlord, his power of purchaſing the labour, or the produce of the labour of other people.

The extenſion of improvement and cultivation tends to raiſe it directly. The landlord's ſhare of the produce neceſſarily increaſes with the increaſe of the produce.

That riſe in the real price of thoſe parts of the rude produce of land, which is firſt the effect of extended improvement and cultivation, and afterwards the cauſe of their being ſtill further extended, the riſe in the price of cattle, for example, tends too to raiſe the rent of land directly, and in a ſtill greater proportion. The real value of the landlord's ſhare, his real command of the labour of other people, not only riſes with the real value of the produce, but the proportion of his ſhare to the whole produce riſes with it. That produce, after the riſe in its real price, requires no more labour to collect it than before. A ſmaller proportion of it will, therefore, be ſufficient to replace, with the ordinary profit, the ſtock which employs that labour. A greater proportion of it muſt, conſequently, belong to the landlord.

All

All thoſe improvements in the productive powers of labour, which tend directly to reduce the real price of manufactures, tend indirectly to raiſe the real rent of land. The landlord exchanges that part of his rude produce, which is over and above his own conſumption, or what comes to the ſame thing, the price of that part of it, for manufactured produce. Whatever reduces the real price of the latter, raiſes that of the former. An equal quantity of the former becomes thereby equivalent to a greater quantity of the latter; and the landlord is enabled to purchaſe a greater quantity of the conveniencies, ornaments, or luxuries, which he has occaſion for.

Every increaſe in the real wealth of the ſociety, every increaſe in the quantity of uſeful labour employed within it, tends indirectly to raiſe the real rent of land. A certain proportion of this labour naturally goes to the land. A greater number of men and cattle are employed in its cultivation, the produce increaſes with the increaſe of the ſtock which is thus employed in raiſing it, and the rent increaſes with the produce.

The contrary circumſtances, the neglect of cultivation and improvement, the fall in the real price of any part of the rude produce of land, the riſe in the real price of manufactures from the decay of manufacturing art and induſtry, the declenſion of the real wealth of the ſociety, all tend, on the other hand, to lower the real rent of

BOOK I.

of land, to reduce the real wealth of the landlord, to diminish his power of purchasing either the labour, or the produce of the labour of other people.

The whole annual produce of the land and labour of every country, or what comes to the same thing, the whole price of that annual produce, naturally divides itself, it has already been observed, into three parts; the rent of land, the wages of labour, and the profits of stock; and constitutes a revenue to three different orders of people; to those who live by rent, to those who live by wages, and to those who live by profit. These are the three great, original and constituent orders of every civilized society, from whose revenue that of every other order is ultimately derived.

The interest of the first of those three great orders, it appears from what has been just now said, is strictly and inseparably connected with the general interest of the society. Whatever either promotes or obstructs the one, necessarily promotes or obstructs the other. When the public deliberates concerning any regulation of commerce or police, the proprietors of land never can mislead it, with a view to promote the interest of their own particular order; at least, if they have any tolerable knowledge of that interest. They are, indeed, too often defective in this tolerable knowledge. They are the only one of the three orders whose revenue costs them neither labour nor care, but comes to them, as

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it were, of its own accord, and independent of any plan or project of their own. That indolence, which is the natural effect of the eaſe and ſecurity of their ſituation, renders them too often, not only ignorant, but incapable of that application of mind which is neceſſary in order to foreſee and underſtand the conſequences of any public regulation. CHAP. XI.

The intereſt of the ſecond order, that of thoſe who live by wages, is as ſtrictly connected with the intereſt of the ſociety as that of the firſt. The wages of the labourer, it has already been ſhewn, are never ſo high as when the demand for labour is continually riſing, or when the quantity employed is every year increaſing conſiderably. When this real wealth of the ſociety becomes ſtationary, his wages are ſoon reduced to what is barely enough to enable him to bring up a family, or to continue the race of labourers. When the ſociety declines, they fall even below this. The order of proprietors may, perhaps, gain more by the proſperity of the ſociety, than that of labourers: but there is no order that ſuffers ſo cruelly from its decline. But though the intereſt of the labourer is ſtrictly connected with that of the ſociety, he is incapable either of comprehending that intereſt, or of underſtanding its connexion with his own. His condition leaves him no time to receive the neceſſary information, and his education and habits are commonly ſuch as to render him unfit to judge even though he was fully informed. In the public

BOOK I.

public deliberations, therefore, his voice is little heard and leſs regarded, except upon ſome particular occaſions, when his clamour is animated, ſet on, and ſupported by his employers, not for his, but their own particular purpoſes.

His employers conſtitute the third order, that of thoſe who live by profit. It is the ſtock that is employed for the ſake of profit, which puts into motion the greater part of the uſeful labour of every ſociety. The plans and projects of the employers of ſtock regulate and direct all the moſt important operations of labour, and profit is the end propoſed by all thoſe plans and projects. But the rate of profit does not, like rent and wages, riſe with the proſperity, and fall with the declenſion, of the ſociety. On the contrary, it is naturally low in rich, and high in poor countries, and it is always higheſt in the countries which are going faſteſt to ruin. The intereſt of this third order, therefore, has not the ſame connexion with the general intereſt of the ſociety as that of the other two. Merchants and maſter manufacturers are, in this order, the two claſſes of people who commonly employ the largeſt capitals, and who by their wealth draw to themſelves the greateſt ſhare of the public conſideration. As during their whole lives they are engaged in plans and projects, they have frequently more acuteneſs of underſtanding than the greater part of country gentlemen. As their thoughts, however, are commonly exerciſed rather about the intereſt of their own particular branch of

of buſineſs, than about that of the ſociety, their judgment, even when given with the greateſt candour (which it has not been upon every occaſion), is much more to be depended upon with regard to the former of thoſe two objects, than with regard to the latter. Their ſuperiority over the country gentleman is, not ſo much in their knowledge of the public intereſt, as in their having a better knowledge of their own intereſt than he has of his. It is by this ſuperior knowledge of their own intereſt that they have frequently impoſed upon his generoſity, and perſuaded him to give up both his own intereſt and that of the public, from a very ſimple but honeſt conviction, that their intereſt, and not his, was the intereſt of the public. The intereſt of the dealers, however, in any particular branch of trade or manufactures, is always in ſome reſpects different from, and even oppoſite to, that of the public. To widen the market and to narrow the competition, is always the intereſt of the dealers. To widen the market may frequently be agreeable enough to the intereſt of the public; but to narrow the competition muſt always be againſt it, and can ſerve only to enable the dealers, by raiſing their profits above what they naturally would be, to levy, for their own benefit, an abſurd tax upon the reſt of their fellow-citizens. The propoſal of any new law or regulation of commerce which comes from this order, ought always to be liſtened to with great precaution, and ought never to be adopted

BOOK I. till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men, whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it.

Years XII.	Price of the Quarter of Wheat each Year.			Average of the different Prices of the same Year.			The average Price of each Year in Money of the present Times		
	£.	s.	d.	£.	s.	d.	£.	s.	d.
1202	—	12	—	—	—	—	1	16	—
1205	—	12	—	—	13	5	2	—	3
	—	13	4						
	—	15	—						
1223	—	12	—	—	—	—	1	16	—
1237	—	3	4	—	—	—	—	10	—
1243	—	2	—	—	—	—	—	6	—
1244	—	2	—	—	—	—	—	6	—
1246	—	16	—	—	—	—	2	8	—
1247	—	13	4	—	—	—	2	—	—
1257	1	4	—	—	—	—	3	12	—
1258	1	—	—	—	17	—	2	11	—
	—	15	—						
	—	16	—						
1270	4	16	—	5	12	—	16	16	—
	6	8	—						
1286	—	2	8	—	9	4	1	8	—
	—	16	—						
				Total,			35	9	3
				Average Price,			2	19	1¼

Years XII.	Price of the Quarter of Wheat each Year.			Average of the different Prices of the same Year.			The Average Price of each Year in Money of the present Times		
	£.	s.	d.	£.	s.	d.	£.	s.	d.
1287	—	3	4	—	—	—	—	10	—
1288	—	—	8	—	3	—¼	—	9	—¾
	—	1	—						
	—	1	4						
	—	1	6						
	—	1	8						
	—	2	—						
	—	3	4						
	—	9	4						
1289	—	12	—	—	10	1¾	1	10	4¾
	—	6	—						
	—	2	—						
	—	10	8						
	1	—	—						
1290	—	16	—	—	—	—	2	8	—
1294	—	16	—	—	—	—	2	8	—
1302	—	4	—	—	—	—	—	12	—
1309	—	7	2	—	—	—	1	1	6
1315	1	—	—	—	—	—	3	—	—
1316	1	—	—	1	10	6	4	11	6
	1	10	—						
	1	12	—						
	2	—	—						
1317	2	4	—	1	19	6	5	18	6
	—	14	—						
	2	13	—						
	4	—	—						
	—	6	8						
1336	—	2	—	—	—	—	—	6	—
1338	—	3	4	—	—	—	—	10	—
						Total,	23	4	11¼
						Average Price,	1	18	8

BOOK I.

Years XII.	Price of the Quarter of Wheat each Year. £.	s.	d.	Average of the different Prices of the same Year. £.	s.	d.	The average Price of each Year in Money of the present Times. £.	s.	d.
1339	—	9	—	—	—	—	1	7	—
1349	—	2	—	—	—	—	—	5	2
1359	1	6	8	—	—	—	3	2	2
1361	—	2	—	—	—	—	—	4	8
1363	—	15	—	—	—	—	1	15	—
1369	1	—	—	1	2	—	2	9	4
	1	4	—						
1379	—	4	—	—	—	—	—	9	4
1387	—	2	—	—	—	—	—	4	8
1390	—	13	4	—	14	5	1	13	7
	—	14	—						
	—	16	—						
1401	—	16	—	—	—	—	1	17	4
1407	—	4	4¾	—	3	10	—	8	11
	—	3	4						
1416	—	16	—	—	—	—	1	12	—
						Total,	15	9	4
						Average Price,	1	5	9¼
	£.	s.	d.	£.	s.	d.	£.	s.	d.
1423	—	8	—	—	—	—	—	16	—
1425	—	4	—	—	—	—	—	8	—
1434	1	6	8	—	—	—	2	13	4
1435	—	5	4	—	—	—	—	10	8
1439	1	—	—	1	3	4	2	6	8
	1	6	8						
1440	1	4	—	—	—	—	2	8	—
1444	—	4	4	—	4	2	—	8	4
	—	4	—						
1445	—	4	6	—	—	—	—	9	—
1447	—	8	—	—	—	—	—	16	—
1448	—	6	8	—	—	—	—	13	4
1449	—	5	—	—	—	—	—	10	—
1451	—	8	—	—	—	—	—	16	—
						Total,	12	15	4
						Average Price,	1	1	3½

CHAP. XI.

Years XII.	Price of the Quarter of Wheat each Year.			Average of the different Prices of the same Year.			The average Price of each Year in Money of the present Times		
	£.	s.	d.	£.	s.	d.	£.	s.	d.
1453	—	5	4	—	—	—	—	10	8
1455	—	1	2	—	—	—	—	2	4
1457	—	7	8	—	—	—	—	15	4
1459	—	5	—	—	—	—	—	10	—
1460	—	8	—	—	—	—	—	16	—
1463	—	2	—	—	1	10	—	3	8
	—	1	8						
1464	—	6	8	—	—	—	—	10	—
1486	1	4	—	—	—	—	1	17	—
1491	—	14	8	—	—	—	1	2	—
1494	—	4	—	—	—	—	—	6	—
1495	—	3	4	—	—	—	—	5	—
1497	1	—	—	—	—	—	1	11	—
						Total,	8	9	—
						Average Price,	—	14	1
	£.	s.	d.	£.	s.	d.	£.	s.	d.
1499	—	4	—	—	—	—	—	6	—
1504	—	5	8	—	—	—	—	8	6
1521	1	—	—	—	—	—	1	10	—
1551	—	8	—	—	—	—	—	2	—
1553	—	8	—	—	—	—	—	8	—
1554	—	8	—	—	—	—	—	8	—
1555	—	8	—	—	—	—	—	8	—
1556	—	8	—	—	—	—	—	8	—
1557	—	4	—	—	17	$8\frac{1}{8}$	—	17	$8\frac{1}{2}$
	—	5	—						
	—	8	—						
	2	13	4						
1558	—	8	—	—	—	—	—	8	—
1559	—	8	—	—	—	—	—	8	—
1560	—	8	—	—	—	—	—	8	—
						Total,	6	0	$2\frac{1}{2}$
						Average Price,	—	10	$\frac{5}{12}$

BOOK I.

Years XII.	Price of the Quarter of Wheat each Year.			Average of the different Prices of the same Year.			The average Price of each Year in Money of the present Times.		
	£.	s.	d.	£.	s.	d.	£.	s.	d.
1561	—	8	—	—	—	—	—	8	—
1562	—	8	—	—	—	—	—	8	—
1574	2	16	—	2	—	—	2	—	—
	1	4	—						
1587	3	4	—	—	—	—	3	4	—
1594	2	16	—	—	—	—	2	16	—
1595	2	13	—	—	—	—	2	13	—
1596	4	—	—	—	—	—	4	—	—
1597	5	4	—	4	12	—	4	12	—
	4	—	—						
1598	2	16	8	—	—	—	2	16	8
1599	1	19	2	—	—	—	1	19	2
1600	1	17	8	—	—	—	1	17	8
1601	1	14	10	—	—	—	1	14	10
						Total,	28	9	4
						Average Price,	2	7	$5\frac{1}{3}$

CHAP. XI.

Prices of the Quarter of nine Bushels of the best or highest priced Wheat at Windsor Market, on Lady-Day and Michaelmas, from 1595 to 1764, both inclusive; the Price of each Year being the Medium between the highest Prices of those Two Market-days.

Years.	£.	s.	d.
1595, —	2	0	0
1596, —	2	8	0
1597, —	3	9	6
1598, —	2	16	8
1599, —	1	19	2
1600, —	1	17	8
1601, —	1	14	10
1602, —	1	9	4
1603, —	1	15	4
1604, —	1	10	8
1605, —	1	15	10
1606, —	1	13	0
1607, —	1	16	8
1608, —	2	16	8
1609, —	2	10	0
1610, —	1	15	10
1611, —	1	18	8
1612, —	2	2	4
1613, —	2	8	8
1614, —	2	1	8½
1615, —	1	18	8
1616, —	2	0	4
1617, —	2	8	8
1618, —	2	6	8
1619, —	1	15	4
1620, —	1	10	4
26)	54	0	6½
	2	1	6 9/13

Years.	£.	s.	d.
1621, —	1	10	4
1622, —	2	18	8
1623, —	2	12	0
1624, —	2	8	0
1625, —	2	12	0
1626, —	2	9	4
1627, —	1	16	0
1628, —	1	8	0
1629, —	2	2	0
1630, —	2	15	8
1631, —	3	8	0
1632, —	2	13	4
1633, —	2	18	0
1634, —	2	16	0
1635, —	2	16	0
1636, —	2	16	8
16)	40	0	0
	2	10	0

BOOK I.

Years.	Wheat per Quarter. £.	s.	d.
1637, —	2	13	0
1638, —	2	17	4
1639, —	2	4	10
1640, —	2	4	8
1641, —	2	8	0
1642, Wanting in the account. The year 1646 supplied by Bishop Fleetwood.	0	0	0
1643,	0	0	0
1644,	0	0	0
1645,	0	0	0
1646, —	2	8	0
1647, —	3	13	8
1648, —	4	5	0
1649, —	4	0	0
1650, —	3	16	8
1651, —	3	13	4
1652, —	2	9	6
1653, —	1	15	6
1654, —	1	6	0
1655, —	1	13	4
1656, —	2	3	0
1657, —	2	6	8
1658, —	3	5	0
1659, —	3	6	0
1660, —	2	16	6
1661, —	3	10	0
1662, —	3	14	0
1663, —	2	17	0
1664, —	2	0	6
1665, —	2	9	4
1666, —	1	16	0
1667, —	1	16	0
1668, —	2	0	0
1669, —	2	4	4
1670, —	2	1	8
Carry over,	79	14	10

Years.	Wheat per Quarter. £.	s.	d.
Broughtover,	79	14	10
1671, —	2	2	0
1672, —	2	1	0
1673, —	2	6	8
1674, —	3	8	8
1675, —	3	4	8
1676, —	1	18	0
1677, —	2	2	0
1678, —	2	19	0
1679, —	3	0	0
1680, —	2	5	0
1681, —	2	6	8
1682, —	2	4	0
1683, —	2	0	0
1684, —	2	4	0
1685, —	2	6	8
1686, —	1	14	0
1687, —	1	5	2
1688, —	2	6	0
1689, —	1	10	0
1690, —	1	14	8
1691, —	1	14	0
1692, —	2	6	8
1693, —	3	7	8
1694, —	3	4	0
1695, —	2	13	0
1696, —	3	11	0
1697, —	3	0	0
1698, —	3	8	4
1699, —	3	4	0
1700, —	2	0	0
60)	153	1	8
	2	11	$0\frac{1}{3}$

Years.	Wheat per Quarter. £.	s.	d.
1701, —	1	17	8
1702, —	1	9	6
1703, —	1	16	0
1704, —	2	6	6
1705, —	1	10	0
1706, —	1	6	0
1707, —	1	8	6
1708, —	2	1	6
1709, —	3	18	6
1710, —	3	18	0
1711, —	2	14	0
1712, —	2	6	4
1713, —	2	11	0
1714, —	2	10	4
1715, —	2	3	0
1716, —	2	8	0
1717, —	2	5	8
1718, —	1	18	10
1719, —	1	15	0
1720, —	1	17	0
1721, —	1	17	6
1722, —	1	16	0
1723, —	1	14	8
1724, —	1	17	0
1725, —	2	8	6
1726, —	2	6	0
1727, —	2	2	0
1728, —	2	14	6
1729, —	2	6	10
1730, —	1	16	6
1731, —	1	12	10
1732, —	1	6	8
1733, —	1	8	4
Carry over,	69	8	8

Years.	Wheat per Quarter. £.	s.	d.
Brought over,	69	8	8
1734, —	1	18	10
1735, —	2	3	0
1736, —	2	0	4
1737, —	1	18	0
1738, —	1	15	6
1739, —	1	18	6
1740, —	2	10	8
1741, —	2	6	8
1742, —	1	14	0
1743, —	1	4	10
1744, —	1	4	10
1745, —	1	7	6
1746, —	1	19	0
1747, —	1	14	10
1748, —	1	17	0
1749, —	1	17	0
1750, —	1	12	6
1751, —	1	18	6
1752, —	2	1	10
1753, —	2	4	8
1754, —	1	14	8
1755, —	1	13	10
1756, —	2	5	3
1757, —	3	0	0
1758, —	2	10	0
1759, —	1	19	10
1760, —	1	16	6
1761, —	1	10	3
1762, —	1	19	0
1763, —	2	0	9
1764, —	2	6	9
64)	129	13	6
	2	0	$6\frac{19}{32}$

BOOK I.

Years.		Wheat per Quarter. £.	s.	d.	Years.		Wheat per Quarter. £.	s.	d.
1731,	—	1	12	10	1741,	—	2	6	8
1732,	—	1	6	8	1742,	—	1	14	0
1733,	—	1	8	4	1743,	—	1	4	10
1734,	—	1	18	10	1744,	—	1	4	10
1735,	—	2	3	0	1745,	—	1	7	6
1736,	—	2	0	4	1746,	—	1	19	0
1737,	—	1	18	0	1747,	—	1	14	10
1738,	—	1	15	6	1748,	—	1	17	0
1739,	—	1	18	6	1749,	—	1	17	0
1740,	—	2	10	8	1750,	—	1	12	6
	10)	18	12	8		10)	16	18	2
		1	17	$3\frac{1}{5}$			1	13	$9\frac{4}{5}$

BOOK II.

OF THE NATURE, ACCUMULATION, AND EMPLOYMENT OF STOCK.

INTRODUCTION.

Introduct.

IN that rude ſtate of ſociety in which there is no diviſion of labour, in which exchanges are ſeldom made, and in which every man provides every thing for himſelf, it is not neceſſary that any ſtock ſhould be accumulated or ſtored up beforehand, in order to carry on the buſineſs of the ſociety. Every man endeavours to ſupply by his own induſtry his own occaſional wants as they occur. When he is hungry, he goes to the foreſt to hunt; when his coat is worn out, he clothes himſelf with the ſkin of the firſt large animal he kills; and when his hut begins to go to ruin, he repairs it, as well as he can, with the trees and the turf that are neareſt it.

But when the diviſion of labour has once been thoroughly introduced, the produce of a man's own labour can ſupply but a very ſmall part of his occaſional wants. The far greater part of them are ſupplied by the produce of other men's labour, which he purchaſes with the produce, or, what is the ſame thing, with the price of the produce of his own. But this purchaſe

BOOK II.

cannot be made till ſuch time as the produce of his own labour has not only been completed, but ſold. A ſtock of goods of different kinds, therefore, muſt be ſtored up ſomewhere ſufficient to maintain him, and to ſupply him with the materials and tools of his work, till ſuch time, at leaſt, as both theſe events can be brought about. A weaver cannot apply himſelf entirely to his peculiar buſineſs, unleſs there is beforehand ſtored up ſomewhere, either in his own poſſeſſion or in that of ſome other perſon, a ſtock ſufficient to maintain him, and to ſupply him with the materials and tools of his work, till he has not only completed, but ſold his web. This accumulation muſt, evidently, be previous to his applying his induſtry for ſo long a time to ſuch a peculiar buſineſs.

As the accumulation of ſtock muſt, in the nature of things, be previous to the diviſion of labour, ſo labour can be more and more ſubdivided in proportion only as ſtock is previouſly more and more accumulated. The quantity of materials which the ſame number of people can work up, increaſes in a great proportion as labour comes to be more and more ſubdivided; and as the operations of each workman are gradually reduced to a greater degree of ſimplicity, a variety of new machines come to be invented for facilitating and abridging thoſe operations. As the diviſion of labour advances, therefore, in order to give conſtant employment to an equal number of workmen, an equal ſtock of proviſions, and a greater ſtock of materials and tools than

than what would have been neceſſary in a ruder ſtate of things, muſt be accumulated beforehand. But the number of workmen in every branch of buſineſs generally increaſes with the diviſion of labour in that branch, or rather it is the increaſe of their number which enables them to claſs and ſubdivide themſelves in this manner. Introduct.

As the accumulation of ſtock is previouſly neceſſary for carrying on this great improvement in the productive powers of labour, ſo that accumulation naturally leads to this improvement. The perſon who employs his ſtock in maintaining labour, neceſſarily wiſhes to employ it in ſuch a manner as to produce as great a quantity of work as poſſible. He endeavours, therefore, both to make among his workmen the moſt proper diſtribution of employment, and to furniſh them with the beſt machines which he can either invent or afford to purchaſe. His abilities in both theſe reſpects are generally in proportion to the extent of his ſtock, or to the number of people whom it can employ. The quantity of induſtry, therefore, not only increaſes in every country with the increaſe of the ſtock which employs it, but, in conſequence of that increaſe, the ſame quantity of induſtry produces a much greater quantity of work.

Such are in general the effects of the increaſe of ſtock upon induſtry and its productive powers.

In the following book I have endeavoured to explain the nature of ſtock, the effects of its accumulation into capitals of different kinds, and the effects of the different employments of

thoſe

BOOK II. thoſe capitals. This book is divided into five chapters. In the firſt chapter, I have endeavoured to ſhow what are the different parts or branches into which the ſtock, either of an individual, or of a great ſociety, naturally divides itſelf. In the ſecond, I have endeavoured to explain the nature and operation of money conſidered as a particular branch of the general ſtock of the ſociety. The ſtock which is accumulated into a capital, may either be employed by the perſon to whom it belongs, or it may be lent to ſome other perſon. In the third and fourth chapters, I have endeavoured to examine the manner in which it operates in both theſe ſituations. The fifth and laſt chapter treats of the different effects which the different employments of capital immediately produce upon the quantity both of national induſtry, and of the annual produce of land and labour.

CHAP. I.

Of the Diviſion of Stock.

CHAP. I. WHEN the ſtock which a man poſſeſſes is no more than ſufficient to maintain him for a few days or a few weeks, he ſeldom thinks of deriving any revenue from it. He conſumes it as ſparingly as he can, and endeavours by his labour to acquire ſomething which may ſupply its place before it be conſumed altogether. His

revenue is, in this caſe, derived from his labour only. This is the ſtate of the greater part of the labouring poor in all countries. CHAP. I.

But when he poſſeſſes ſtock ſufficient to maintain him for months or years, he naturally endeavours to derive a revenue from the greater part of it; reſerving only ſo much for his immediate conſumption as may maintain him till this revenue begins to come in. His whole ſtock, therefore, is diſtinguiſhed into two parts. That part which, he expects, is to afford him this revenue, is called his capital. The other is that which ſupplies his immediate conſumption; and which conſiſts either, firſt, in that portion of his whole ſtock which was originally reſerved for this purpoſe; or, ſecondly, in his revenue, from whatever ſource derived, as it gradually comes in; or, thirdly, in ſuch things as had been purchaſed by either of theſe in former years, and which are not yet entirely conſumed; ſuch as a ſtock of clothes, houſehold furniture, and the like. In one, or other, or all of theſe three articles, conſiſts the ſtock which men commonly reſerve for their own immediate conſumption.

There are two different ways in which a capital may be employed ſo as to yield a revenue or profit to its employer.

Firſt, it may be employed in raiſing, manufacturing, or purchaſing goods, and ſelling them again with a profit. The capital employed in this manner yields no revenue or profit to its employer, while it either remains in his poſſeſſion, or continues in the ſame ſhape. The goods of the merchant

BOOK II.

merchant yield him no revenue or profit till he ſells them for money, and the money yields him as little till it is again exchanged for goods. His capital is continually going from him in one ſhape, and returning to him in another, and it is only by means of ſuch circulation, or ſucceſſive exchanges, that it can yield him any profit. Such capitals, therefore may very properly be called circulating capitals.

Secondly, it may be employed in the improvement of land, in the purchaſe of uſeful machines and inſtruments of trade, or in ſuch-like things as yield a revenue or profit without changing maſters, or circulating any further. Such capitals, therefore, may very properly be called fixed capitals.

Different occupations require very different proportions between the fixed and circulating capitals employed in them.

The capital of a merchant, for example, is altogether a circulating capital. He has occaſion for no machines or inſtruments of trade, unleſs his ſhop, or warehouſe, be conſidered as ſuch.

Some part of the capital of every maſter artificer or manufacturer muſt be fixed in the inſtruments of his trade. This part, however, is very ſmall in ſome, and very great in others. A maſter taylor requires no other inſtruments of trade but a parcel of needles. Thoſe of the maſter ſhoemaker are a little, though but a very little, more expenſive. Thoſe of the weaver riſe a good deal above thoſe of the ſhoemaker. The far greater part of the capital of all ſuch maſter artificers,

artificers, however, is circulated, either in the wages of their workmen, or in the price of their materials, and repaid with a profit by the price of the work. CHAP. I.

In other works a much greater fixed capital is required. In a great iron-work, for example, the furnace for melting the ore, the forge, the ſlitt-mill, are inſtruments of trade which cannot be erected without a very great expence. In coal-works, and mines of every kind, the machinery neceſſary both for drawing out the water and for other purpoſes, is frequently ſtill more expenſive.

That part of the capital of the farmer which is employed in the inſtruments of agriculture is a fixed; that which is employed in the wages and maintenance of his labouring ſervants, is a circulating capital. He makes a profit of the one by keeping it in his own poſſeſſion, and of the other by parting with it. The price or value of his labouring cattle is a fixed capital in the ſame manner as that of the inſtruments of huſbandry: Their maintenance is a circulating capital in the ſame manner as that of the labouring ſervants. The farmer makes his profit by keeping the labouring cattle, and by parting with their maintenance. Both the price and the maintenance of the cattle which are bought in and fattened, not for labour, but for ſale, are a circulating capital. The farmer makes his profit by parting with them. A flock of ſheep or a herd of cattle that, in a breeding country, is bought in, neither for labour, nor for ſale, but

BOOK II. but in order to make a profit by their wool, by their milk, and by their increaſe, is a fixed capital. The profit is made by keeping them. Their maintenance is a circulating capital. The profit is made by parting with it; and it comes back with both its own profit, and the profit upon the whole price of the cattle, in the price of the wool, the milk, and the increaſe. The whole value of the ſeed too is properly a fixed capital. Though it goes backwards and forwards between the ground and the granary, it never changes maſters, and therefore does not properly circulate. The farmer makes his profit, not by its ſale, but by its increaſe.

The general ſtock of any country or ſociety is the ſame with that of all its inhabitants or members, and therefore naturally divides itſelf into the ſame three portions, each of which has a diſtinct function or office.

The Firſt, is that portion which is reſerved for immediate conſumption, and of which the characteriſtic is, that it affords no revenue or profit. It conſiſts in the ſtock of food, clothes, houſehold furniture, &c. which have been purchaſed by their proper conſumers, but which are not yet entirely conſumed. The whole ſtock of mere dwelling-houſes too ſubſiſting at any one time in the country, make a part of this firſt portion. The ſtock that is laid out in a houſe, if it is to be the dwelling-houſe of the proprietor, ceaſes from that moment to ſerve in the function of a capital, or to afford any revenue to its owner. A dwelling-houſe, as ſuch, contributes nothing to the revenue of its inhabitant; and though it

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is, no doubt, extremely uſeful to him, it is as his clothes and houſehold furniture are uſeful to him, which, however, make a part of his expence, and not of his revenue. If it is to be let to a tenant for rent, as the houſe itſelf can produce nothing, the tenant muſt always pay the rent out of ſome other revenue which he derives either from labour, or ſtock, or land. Though a houſe, therefore, may yield a revenue to its proprietor, and thereby ſerve in the function of a capital to him, it cannot yield any to the public, nor ſerve in the function of a capital to it, and the revenue of the whole body of the people can never be in the ſmalleſt degree increaſed by it. Clothes, and houſehold furniture, in the ſame manner, ſometimes yield a revenue, and thereby ſerve in the function of a capital to particular perſons. In countries where maſquerades are common, it is a trade to let out maſquerade dreſſes for a night. Upholſterers frequently let furniture by the month or by the year. Undertakers let the furniture for funerals by the day and by the week. Many people let furniſhed houſes, and get a rent, not only for the uſe of the houſe, but for that of the furniture. The revenue, however, which is derived from ſuch things, muſt always be ultimately drawn from ſome other ſource of revenue. Of all parts of the ſtock either of an individual, or of a ſociety, reſerved for immediate conſumption, what is laid out in houſes is moſt ſlowly conſumed. A ſtock of clothes may laſt ſeveral years: a ſtock of furniture half a century or a century: but a ſtock

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ſtock of houſes, well built and properly taken care of may laſt many centuries. Though the period of their total conſumption, however, is more diſtant, they are ſtill as really a ſtock reſerved for immediate conſumption as either clothes or houſehold furniture.

The Second of the three portions into which the general ſtock of the ſociety divides itſelf, is the fixed capital; of which the characteriſtic is, that it affords a revenue or profit without circulating or changing maſters. It conſiſts chiefly of the four following articles:

Firſt, of all uſeful machines and inſtruments of trade which facilitate and abridge labour:

Secondly, of all thoſe profitable buildings which are the means of procuring a revenue, not only to their proprietor who lets them for a rent, but to the perſon who poſſeſſes them and pays that rent for them; ſuch as ſhops, warehouſes, workhouſes, farmhouſes, with all their neceſſary buildings; ſtables, granaries, &c. Theſe are very different from mere dwelling houſes. They are a ſort of inſtruments of trade, and may be conſidered in the ſame light:

Thirdly, of the improvements of land, of what has been profitably laid out in clearing, draining, encloſing, manuring, and reducing it into the condition moſt proper for tillage and culture. An improved farm may very juſtly be regarded in the ſame light as thoſe uſeful machines which facilitate and abridge labour, and by means of which, an equal circulating capital can afford a much greater revenue to its employer.

ployer. An improved farm is equally advantageous and more durable than any of thoſe machines, frequently requiring no other repairs than the moſt profitable application of the farmer's capital employed in cultivating it: CHAP. I.

Fourthly, of the acquired and uſeful abilities of all the inhabitants or members of the ſociety. The acquiſition of ſuch talents, by the maintenance of the acquirer during his education, ſtudy, or apprenticeſhip, always coſts a real expence, which is a capital fixed and realized, as it were, in his perſon. Thoſe talents, as they make a part of his fortune, ſo do they likewiſe of that of the ſociety to which he belongs. The improved dexterity of a workman may be conſidered in the ſame light as a machine or inſtrument of trade which facilitates and abridges labour, and which, though it coſts a certain expence, repays that expence with a profit.

The third and laſt of the three portions into which the general ſtock of the ſociety naturally divides itſelf, is the circulating capital; of which the characteriſtic is, that it affords a revenue only by circulating or changing maſters. It is compoſed likewiſe of four parts:

Firſt, of the money by means of which all the other three are circulated and diſtributed to their proper conſumers:

Secondly, of the ſtock of proviſions which are in the poſſeſſion of the butcher, the grazier, the farmer, the corn-merchant, the brewer, &c. and from the ſale of which they expect to derive a profit:

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Thirdly, of the materials, whether altogether rude, or more or leſs manufactured, of clothes, furniture and building, which are not yet made up into any of thoſe three ſhapes, but which remain in the hands of the growers, the manufacturers, the mercers, and drapers, the timber-merchants, the carpenters and joiners, the brick-makers, &c.

Fourthly, and laſtly, of the work which is made up and completed, but which is ſtill in the hands of the merchant or manufacturer, and not yet diſpoſed of or diſtributed to the proper conſumers; ſuch as the finiſhed work which we frequently find ready-made in the ſhops of the ſmith, the cabinet-maker, the goldſmith, the jeweller, the china-merchant, &c. The circulating capital conſiſts in this manner, of the proviſions, materials, and finiſhed work of all kinds that are in the hands of their reſpective dealers, and of the money that is neceſſary for circulating and diſtributing them to thoſe who are finally to uſe, or to conſume them.

Of theſe four parts three, proviſions, materials, and finiſhed work, are, either annually, or in a longer or ſhorter period, regularly withdrawn from it, and placed either in the fixed capital or in the ſtock reſerved for immediate conſumption.

Every fixed capital is both originally derived from, and requires to be continually ſupported by a circulating capital. All uſeful machines and inſtruments of trade are originally derived from a circulating capital, which furniſhes the materials

materials of which they are made, and the maintenance of the workmen who make them. They require too a capital of the ſame kind to keep them in conſtant repair. CHAP. I.

No fixed capital can yield any revenue but by means of a circulating capital. The moſt uſeful machines and inſtruments of trade will produce nothing without the circulating capital which affords the materials they are employed upon, and the maintenance of the workmen who employ them. Land, however improved, will yield no revenue without a circulating capital, which maintains the labourers who cultivate and collect its produce.

To maintain and augment the ſtock which may be reſerved for immediate conſumption, is the ſole end and purpoſe both of the fixed and circulating capitals. It is this ſtock which feeds, clothes, and lodges the people. Their riches or poverty depends upon the abundant or ſparing ſupplies which thoſe two capitals can afford to the ſtock reſerved for immediate conſumption.

So great a part of the circulating capital being continually withdrawn from it, in order to be placed in the other two branches of the general ſtock of the ſociety; it muſt in its turn require continual ſupplies, without which it would ſoon ceaſe to exiſt. Theſe ſupplies are principally drawn from three ſources, the produce of land, of mines, and of fiſheries. Theſe afford continual ſupplies of proviſions and materials, of which part is afterwards wrought

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up into finiſhed work, and by which are replaced the proviſions, materials, and finiſhed work continually withdrawn from the circulating capital. From mines too is drawn what is neceſſary for maintaining and augmenting that part of it which conſiſts in money. For though, in the ordinary courſe of buſineſs, this part is not, like the other three, neceſſarily withdrawn from it, in order to be placed in the other two branches of the general ſtock of the ſociety, it muſt, however, like all other things, be waſted and worn out at laſt, and ſometimes too be either loſt or ſent abroad, and muſt, therefore, require continual, though, no doubt, much ſmaller ſupplies.

Land, mines, and fiſheries, require all both a fixed and a circulating capital to cultivate them: and their produce replaces with a profit, not only thoſe capitals, but all the others in the ſociety. Thus the farmer annually replaces to the manufacturer the proviſions which he had conſumed and the materials which he had wrought up the year before; and the manufacturer replaces to the farmer the finiſhed work which he had waſted and worn out in the ſame time. This is the real exchange that is annually made between thoſe two orders of people, though it ſeldom happens that the rude produce of the one and the manufactured produce of the other, are directly bartered for one another; becauſe it ſeldom happens that the farmer ſells his corn and his cattle, his flax and his wool, to the very ſame perſon of whom he chuſes to purchaſe the clothes,

clothes, furniture, and inſtruments of trade which he wants. He ſells, therefore, his rude produce for money, with which he can purchaſe, wherever it is to be had, the manufactured produce he has occaſion for. Land even replaces, in part at leaſt, the capitals with which fiſheries and mines are cultivated. It is the produce of land which draws the fiſh from the waters; and it is the produce of the ſurface of the earth which extracts the minerals from its bowels. CHAP. I.

The produce of land, mines, and fiſheries, when their natural fertility is equal, is in proportion to the extent and proper application of the capitals employed about them. When the capitals are equal and equally well applied, it is in proportion to their natural fertility.

In all countries where there is tolerable ſecurity, every man of common underſtanding will endeavour to employ whatever ſtock he can command, in procuring either preſent enjoyment or future profit. If it is employed in procuring preſent enjoyment, it is a ſtock reſerved for immediate conſumption. If it is employed in procuring future profit, it muſt procure this profit either by ſtaying with him, or by going from him. In the one caſe it is a fixed, in the other it is a circulating capital. A man muſt be perfectly crazy who, where there is tolerable ſecurity, does not employ all the ſtock which he commands, whether it be his own or borrowed of other people, in ſome one or other of thoſe three ways.

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In thoſe unfortunate countries, indeed, where men are continually afraid of the violence of their ſuperiors, they frequently bury and conceal a great part of their ſtock, in order to have it always at hand to carry with them to ſome place of ſafety, in caſe of their being threatened with any of thoſe diſaſters to which they conſider themſelves as at all times expoſed. This is ſaid to be a common practice in Turkey, in Indoſtan, and, I believe, in moſt other governments of Aſia. It ſeems to have been a common practice among our anceſtors during the violence of the feudal government. Treaſure-trove was in thoſe times conſidered as no contemptible part of the revenue of the greateſt ſovereigns in Europe. It conſiſted in ſuch treaſure as was found concealed in the earth, and to which no particular perſon could prove any right. This was regarded in thoſe times as ſo important an object, that it was always conſidered as belonging to the ſovereign, and neither to the finder nor to the proprietor of the land, unleſs the right to it had been conveyed to the latter by an expreſs clauſe in his charter. It was put upon the ſame footing with gold and ſilver mines, which, without a ſpecial clauſe in the charter, were never ſuppoſed to be comprehended in the general grant of the lands, though mines of lead, copper, tin, and coal were, as things of ſmaller conſequence.

CHAP.

CHAP. II.

Of Money conſidered as a particular Branch of the general Stock of the Society, or of the Expence of maintaining the National Capital.

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IT has been ſhewn in the firſt Book, that the price of the greater part of commodities reſolves itſelf into three parts, of which one pays the wages of the labour, another the profits of the ſtock, and a third the rent of the land which had been employed in producing and bringing them to market: that there are, indeed, ſome commodities of which the price is made up of two of thoſe parts only, the wages of labour, and the profits of ſtock: and a very few in which it conſiſts altogether in one, the wages of labour: but that the price of every commodity neceſſarily reſolves itſelf into ſome one, or other, or all of theſe three parts; every part of it which goes neither to rent nor to wages, being neceſſarily profit to ſomebody.

Since this is the caſe, it has been obſerved, with regard to every particular commodity, taken ſeparately; it muſt be ſo with regard to all the commodities which compoſe the whole annual produce of the land and labour of every country, taken complexly. The whole price or exchangeable value of that annual produce, muſt reſolve itſelf into the ſame three parts, and be parcelled out among the different inhabitants of

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the country, either as the wages of their labour, the profits of their ſtock, or the rent of their land.

But though the whole value of the annual produce of the land and labour of every country is thus divided among and conſtitutes a revenue to its different inhabitants; yet as in the rent of a private eſtate we diſtinguiſh between the groſs rent and the neat rent, ſo may we likewiſe in the revenue of all the inhabitants of a great country.

The groſs rent of a private eſtate comprehends whatever is paid by the farmer; the neat rent, what remains free to the landlord, after deducting the expence of management, of repairs, and all other neceſſary charges; or what, without hurting his eſtate, he can afford to place in his ſtock reſerved for immediate conſumption, or to ſpend upon his table, equipage, the ornaments of his houſe and furniture, his private enjoyments and amuſements. His real wealth is in proportion, not to his groſs, but to his neat rent.

The groſs revenue of all the inhabitants of a great country, comprehends the whole annual produce of their land and labour; the neat revenue, what remains free to them after deducting the expence of maintaining; firſt, their fixed; and, ſecondly, their circulating capital; or what, without encroaching upon their capital, they can place in their ſtock reſerved for immediate conſumption, or ſpend upon their ſubſiſtence, conveniencies, and amuſements. Their real wealth too

too is in proportion, not to their groſs, but to their neat revenue. CHAP. II.

The whole expence of maintaining the fixed capital, muſt evidently be excluded from the neat revenue of the ſociety. Neither the materials neceſſary for ſupporting their uſeful machines and inſtruments of trade, their profitable buildings, &c. nor the produce of the labour neceſſary for faſhioning thoſe materials into the proper form, can ever make any part of it. The price of that labour may indeed make a part of it; as the workmen ſo employed may place the whole value of their wages in their ſtock reſerved for immediate conſumption. But in other ſorts of labour, both the price and the produce go to this ſtock, the price to that of the workmen, the produce to that of other people, whoſe ſubſiſtence, conveniencies, and amuſements are augmented by the labour of thoſe workmen.

The intention of the fixed capital is to increaſe the productive powers of labour, or to enable the ſame number of labourers to perform a much greater quantity of work. In a farm where all the neceſſary buildings, fences, drains, communications, &c. are in the moſt perfect good order, the ſame number of labourers and labouring cattle will raiſe a much greater produce, than in one of equal extent and equally good ground, but not furniſhed with equal conveniencies. In manufactures the ſame number of hands, aſſiſted with the beſt machinery, will work up a much greater quantity of goods than with more imperfect inſtruments of trade. The

expence

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expence which is properly laid out upon a fixed capital of any kind, is always repaid with great profit, and increaſes the annual produce by a much greater value than that of the ſupport which ſuch improvements require. This ſupport, however, ſtill requires a certain portion of that produce. A certain quantity of materials, and the labour of a certain number of workmen, both of which might have been immediately employed to augment the food, clothing and lodging, the ſubſiſtence and conveniences of the ſociety, are thus diverted to another employment, highly advantageous indeed, but ſtill, different from this one. It is upon this account that all ſuch improvements in mechanics, as enable the ſame number of workmen to perform an equal quantity of work with cheaper and ſimpler machinery than had been uſual before, are always regarded as advantageous to every ſociety. A certain quantity of materials, and the labour of a certain number of workmen, which had before been employed in ſupporting a more complex and expenſive machinery, can afterwards be applied to augment the quantity of work which that or any other machinery is uſeful only for performing. The undertaker of ſome great manufactory who employs a thouſand a-year in the maintenance of his machinery, if he can reduce this expence to five hundred, will naturally employ the other five hundred in purchaſing an additional quantity of materials to be wrought up by an additional number of workmen. The quantity of that work, therefore, which

which his machinery was uſeful only for performing, will naturally be augmented, and with it all the advantage and conveniency which the ſociety can derive from that work. CHAP. II.

The expence of maintaining the fixed capital in a great country, may very properly be compared to that of repairs in a private eſtate. The expence of repairs may frequently be neceſſary for ſupporting the produce of the eſtate, and conſequently both the groſs and the neat rent of the landlord. When by a more proper direction, however, it can be diminiſhed without occaſioning any diminution of produce, the groſs rent remains at leaſt the ſame as before, and the neat rent is neceſſarily augmented.

But though the whole expence of maintaining the fixed capital is thus neceſſarily excluded from the neat revenue of the ſociety, it is not the ſame caſe with that of maintaining the circulating capital. Of the four parts of which this latter capital is compoſed, money, proviſions, materials, and finiſhed work, the three laſt, it has already been obſerved, are regularly withdrawn from it, and placed either in the fixed capital of the ſociety, or in their ſtock reſerved for immediate conſumption. Whatever portion of thoſe conſumable goods is not employed in maintaining the former, goes all to the latter, and makes a part of the neat revenue of the ſociety. The maintenance of thoſe three parts of the circulating capital, therefore, withdraws no portion of the annual produce from the neat revenue of the ſociety, beſides what is neceſſary for maintaining the fixed capital.

The

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The circulating capital of a ſociety is in this reſpect different from that of an individual. That of an individual is totally excluded from making any part of his neat revenue, which muſt conſiſt altogether in his profits. But though the circulating capital of every individual makes a part of that of the ſociety to which he belongs, it is not upon that account totally excluded from making a part likewiſe of their neat revenue. Though the whole goods in a merchant's ſhop muſt by no means be placed in his own ſtock reſerved for immediate conſumption, they may in that of other people, who, from a revenue derived from other funds, may regularly replace their value to him, together with its profits, without occaſioning any diminution either of his capital or of theirs.

Money, therefore, is the only part of the circulating capital of a ſociety, of which the maintenance can occaſion any diminution in their neat revenue.

The fixed capital, and that part of the circulating capital which conſiſts in money, ſo far as they affect the revenue of the ſociety, bear a very great reſemblance to one another.

Firſt, as thoſe machines and inſtruments of trade, &c. require a certain expence, firſt to erect them, and afterwards to ſupport them, both which expences, though they make a part of the groſs, are deductions from the neat revenue of the ſociety; ſo the ſtock of money which circulates in any country muſt require a certain expence, firſt to collect it, and afterwards to ſupport

port it, both which expences, though they make a part of the groſs, are, in the ſame manner, deductions from the neat revenue of the ſociety. A certain quantity of very valuable materials, gold and ſilver, and of very curious labour, inſtead of augmenting the ſtock reſerved for immediate conſumption, the ſubſiſtence, conveniencies, and amuſements of individuals, is employed in ſupporting that great but expenſive inſtrument of commerce, by means of which every individual in the ſociety has his ſubſiſtence, conveniences, and amuſements, regularly diſtributed to him in their proper proportion. CHAP. II.

Secondly, as the machines and inſtruments of trade, &c. which compoſe the fixed capital either of an individual or of a ſociety, make no part either of the groſs or of the neat revenue of either; ſo money, by means of which the whole revenue of the ſociety is regularly diſtributed among all its different members, makes itſelf no part of that revenue. The great wheel of circulation is altogether different from the goods which are circulated by means of it. The revenue of the ſociety conſiſts altogether in thoſe goods, and not in the wheel which circulates them. In computing either the groſs or the neat revenue of any ſociety, we muſt always, from their whole annual circulation of money and goods, deduct the whole value of the money, of which not a ſingle farthing can ever make any part of either.

It is the ambiguity of language only which can make this propoſition appear either doubtful

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or paradoxical. When properly explained and underſtood, it is almoſt ſelf-evident.

When we talk of any particular ſum of money, we ſometimes mean nothing but the metal pieces of which it is compoſed; and ſometimes we include in our meaning ſome obſcure reference to the goods which can be had in exchange for it, or to the power of purchaſing which the poſſeſſion of it conveys. Thus when we ſay, that the circulating money of England has been computed at eighteen millions, we mean only to expreſs the amount of the metal pieces, which ſome writers have computed, or rather have ſuppoſed to circulate in that country. But when we ſay that a man is worth fifty or a hundred pounds a-year, we mean commonly to expreſs not only the amount of the metal pieces which are annually paid to him, but the value of the goods which he can annually purchaſe or conſume. We mean commonly to aſcertain what is or ought to be his way of living, or the quantity and quality of the neceſſaries and conveniences of life in which he can with propriety indulge himſelf.

When, by any particular ſum of money, we mean not only to expreſs the amount of the metal pieces of which it is compoſed, but to include in its ſignification ſome obſcure reference to the goods which can be had in exchange for them, the wealth or revenue which it in this caſe denotes, is equal only to one of the two values which are thus intimated ſomewhat ambiguouſly by the ſame word, and to the latter more properly than to the former, to the money's worth more properly than to the money.

Thus

Thus if a guinea be the weekly penſion of a particular perſon, he can in the courſe of the week purchaſe with it a certain quantity of ſubſiſtence, conveniences, and amuſements. In proportion as this quantity is great or ſmall, ſo are his real riches, his real weekly revenue. His weekly revenue is certainly not equal both to the guinea, and to what can be purchaſed with it, but only to one or other of thoſe two equal values; and to the latter more properly than to the former, to the guinea's worth rather than to the guinea.

If the penſion of ſuch a perſon was paid to him, not in gold, but in a weekly bill for a guinea, his revenue ſurely would not ſo properly conſiſt in the piece of paper, as in what he could get for it. A guinea may be conſidered as a bill for a certain quantity of neceſſaries and conveniencies upon all the tradeſmen in the neighbourhood. The revenue of the perſon to whom it is paid, does not ſo properly conſiſt in the piece of gold, as in what he can get for it, or in what he can exchange it for. If it could be exchanged for nothing, it would, like a bill upon a bankrupt, be of no more value than the moſt uſeleſs piece of paper.

Though the weekly or yearly revenue of all the different inhabitants of any country, in the ſame manner, may be, and in reality frequently is paid to them in money, their real riches, however, the real weekly or yearly revenue of all of them taken together, muſt always be great or ſmall in proportion to the quantity of conſumable

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ſumable goods which they can all of them purchaſe with this money. The whole revenue of all of them taken together is evidently not equal to both the money and the conſumable goods; but only to one or other of thoſe two values, and to the latter more properly than to the former.

Though we frequently, therefore, expreſs a perſon's revenue by the metal pieces which are annually paid to him, it is becauſe the amount of thoſe pieces regulates the extent of his power of purchaſing, or the value of the goods which he can annually afford to conſume. We ſtill conſider his revenue as conſiſting in this power of purchaſing or conſuming, and not in the pieces which convey it.

But if this is ſufficiently evident even with regard to an individual, it is ſtill more ſo with regard to a ſociety. The amount of the metal pieces which are annually paid to an individual, is often preciſely equal to his revenue, and is upon that account the ſhorteſt and beſt expreſſion of its value. But the amount of the metal pieces which circulate in a ſociety, can never be equal to the revenue of all its members. As the ſame guinea which pays the weekly penſion of one man to-day, may pay that of another to-morrow, and that of a third the day thereafter, the amount of the metal pieces which annually circulate in any country, muſt always be of much leſs value than the whole money penſions annually paid with them. But the power of purchaſing, or the goods which can ſucceſſively be bought with the whole of thoſe money penſions as they are ſucceſſively paid, muſt always be

be preciſely of the ſame value with thoſe pen- CHAP. II.
ſions; as muſt likewiſe be the revenue of the different perſons to whom they are paid. That revenue, therefore, cannot conſiſt in thoſe metal pieces, of which the amount is ſo much inferior to its value, but in the power of purchaſing, in the goods which can ſucceſſively be bought with them as they circulate from hand to hand.

Money, therefore, the great wheel of circulation, the great inſtrument of commerce, like all other inſtruments of trade, though it makes a part, and a very valuable part, of the capital, makes no part of the revenue of the ſociety to which it belongs; and though the metal pieces of which it is compoſed, in the courſe of their annual circulation, diſtribute to every man the revenue which properly belongs to him, they make themſelves no part of that revenue.

Thirdly, and laſtly, the machines and inſtruments of trade, &c. which compoſe the fixed capital, bear this further reſemblance to that part of the circulating capital which conſiſts in money; that as every ſaving in the expence of erecting and ſupporting thoſe machines, which does not diminiſh the productive powers of labour, is an improvement of the neat revenue of the ſociety; ſo every ſaving in the expence of collecting and ſupporting that part of the circulating capital which conſiſts in money, is an improvement of exactly the ſame kind.

It is ſufficiently obvious, and it has partly too been explained already, in what manner every ſaving in the expence of ſupporting the fixed

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capital is an improvement of the neat revenue of the ſociety. The whole capital of the undertaker of every work is neceſſarily divided between his fixed and his circulating capital. While his whole capital remains the ſame, the ſmaller the one part, the greater muſt neceſſarily be the other. It is the circulating capital which furniſhes the materials and wages of labour, and puts induſtry into motion. Every ſaving, therefore, in the expence of maintaining the fixed capital, which does not diminiſh the productive powers of labour, muſt increaſe the fund which puts induſtry into motion, and conſequently the annual produce of land and labour, the real revenue of every ſociety.

The ſubſtitution of paper in the room of gold and ſilver money, replaces a very expenſive inſtrument of commerce with one much leſs coſtly, and ſometimes equally convenient. Circulation comes to be carried on by a new wheel, which it coſts leſs both to erect and to maintain than the old one. But in what manner this operation is performed, and in what manner it tends to increaſe either the groſs or the neat revenue of the ſociety, is not altogether ſo obvious, and may therefore require ſome further explication.

There are ſeveral different ſorts of paper money; but the circulating notes of banks and bankers are the ſpecies which is beſt known, and which ſeems beſt adapted for this purpoſe.

When the people of any particular country have ſuch confidence in the fortune, probity, and prudence of a particular banker, as to believe

lieve that he is always ready to pay upon demand ſuch of his promiſſory notes as are likely to be at any time preſented to him; thoſe notes come to have the ſame currency as gold and ſilver money, from the confidence that ſuch money can at any time be had for them.

A particular banker lends among his cuſtomers his own promiſſory notes, to the extent, we ſhall ſuppoſe, of a hundred thouſand pounds. As thoſe notes ſerve all the purpoſes of money, his debtors pay him the ſame intereſt as if he had lent them ſo much money. This intereſt is the ſource of his gain. Though ſome of thoſe notes are continually coming back upon him for payment, part of them continue to circulate for months and years together. Though he has generally in circulation, therefore, notes to the extent of a hundred thouſand pounds, twenty thouſand pounds in gold and ſilver may, frequently, be a ſufficient proviſion for anſwering occaſional demands. By this operation, therefore, twenty thouſand pounds in gold and ſilver perform all the functions which a hundred thouſand could otherwiſe have performed. The ſame exchanges may be made, the ſame quantity of conſumable goods may be circulated and diſtributed to their proper conſumers, by means of his promiſſory notes, to the value of a hundred thouſand pounds, as by an equal value of gold and ſilver money. Eighty thouſand pounds of gold and ſilver, therefore, can, in this manner, be ſpared from the circulation of the country; and if different operations of the ſame kind

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ſhould, at the ſame time, be carried on by many different banks and bankers, the whole circulation may thus be conducted with a fifth part only of the gold and ſilver which would otherwiſe have been requiſite.

Let us ſuppoſe, for example, that the whole circulating money of ſome particular country amounted, at a particular time, to one million ſterling, that ſum being then ſufficient for circulating the whole annual produce of their land and labour. Let us ſuppoſe too, that ſome time thereafter, different banks and bankers iſſued promiſſory notes, payable to the bearer, to the extent of one million, reſerving in their different coffers two hundred thouſand pounds for anſwering occaſional demands. There would remain, therefore, in circulation, eight hundred thouſand pounds in gold and ſilver, and a million of bank notes, or eighteen hundred thouſand pounds of paper and money together. But the annual produce of the land and labour of the country had before required only one million to circulate and diſtribute it to its proper conſumers, and that annual produce cannot be immediately augmented by thoſe operations of banking. One million, therefore, will be ſufficient to circulate it after them. The goods to be bought and ſold being preciſely the ſame as before, the ſame quantity of money will be ſufficient for buying and ſelling them. The channel of circulation, if I may be allowed ſuch an expreſſion, will remain preciſely the ſame as before. One million we have ſuppoſed ſufficient

to

to fill that channel. Whatever, therefore, is poured into it beyond this ſum, cannot run in it, but muſt overflow. One million eight hundred thouſand pounds are poured into it. Eight hundred thouſand pounds, therefore, muſt overflow, that ſum being over and above what can be employed in the circulation of the country. But though this ſum cannot be employed at home, it is too valuable to be allowed to lie idle. It will, therefore, be ſent abroad, in order to ſeek that profitable employment which it cannot find at home. But the paper cannot go abroad; becauſe at a diſtance from the banks which iſſue it, and from the country in which payment of it can be exacted by law, it will not be received in common payments. Gold and ſilver, therefore, to the amount of eight hundred thouſand pounds will be ſent abroad, and the channel of home circulation will remain filled with a million of paper, inſtead of the million of thoſe metals which filled it before. CHAP. II.

But though ſo great a quantity of gold and ſilver is thus ſent abroad, we muſt not imagine that it is ſent abroad for nothing, or that its proprietors make a preſent of it to foreign nations. They will exchange it for foreign goods of ſome kind or another, in order to ſupply the conſumption either of ſome other foreign country, or of their own.

If they employ it in purchaſing goods in one foreign country in order to ſupply the conſumption of another, or in what is called the carrying trade, whatever profit they make will be an ad-

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dition to the neat revenue of their own country. It is like a new fund, created for carrying on a new trade; domeſtic buſineſs being now tranſacted by paper, and the gold and ſilver being converted into a fund for this new trade.

If they employ it in purchaſing foreign goods for home conſumption, they may either, firſt, purchaſe ſuch goods as are likely to be conſumed by idle people who produce nothing, ſuch as foreign wines, foreign ſilks, &c.; or, ſecondly, they may purchaſe an additional ſtock of materials, tools, and proviſions, in order to maintain and employ an additional number of induſtrious people, who re-produce, with a profit, the value of their annual conſumption.

So far as it is employed in the firſt way, it promotes prodigality, increaſes expence and conſumption without increaſing production, or eſtabliſhing any permanent fund for ſupporting that expence, and is in every reſpect hurtful to the ſociety.

So far as it is employed in the ſecond way, it promotes induſtry; and though it increaſes the conſumption of the ſociety, it provides a permanent fund for ſupporting that conſumption, the people who conſume re-producing, with a profit, the whole value of their annual conſumption. The groſs revenue of the ſociety, the annual produce of their land and labour, is increaſed by the whole value which the labour of thoſe workmen adds to the materials upon which they are employed; and their neat revenue by what remains of this value, after deducting what is neceſſary

ceſſary for ſupporting the tools and inſtruments of their trade. CHAP. II.

That the greater part of the gold and ſilver which, being forced abroad by thoſe operations of banking, is employed in purchaſing foreign goods for home conſumption, is and muſt be employed in purchaſing thoſe of this ſecond kind, ſeems not only probable, but almoſt unavoidable. Though ſome particular men may ſometimes increaſe their expence very conſiderably, though their revenue does not increaſe at all, we may be aſſured that no claſs or order of men ever does ſo; becauſe, though the principles of common prudence do not always govern the conduct of every individual, they always influence that of the majority of every claſs or order. But the revenue of idle people, conſidered as a claſs or order, cannot, in the ſmalleſt degree, be increaſed by thoſe operations of banking. Their expence in general, therefore, cannot be much increaſed by them, though that of a few individuals among them may, and in reality ſometimes is. The demand of idle people, therefore, for foreign goods, being the ſame, or very nearly the ſame, as before, a very ſmall part of the money, which being forced abroad by thoſe operations of banking, is employed in purchaſing foreign goods for home conſumption, is likely to be employed in purchaſing thoſe for their uſe. The greater part of it will naturally be deſtined for the employment of induſtry, and not for the maintenance of idleneſs.

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When we compute the quantity of induſtry which the circulating capital of any ſociety can employ, we muſt always have regard to thoſe parts of it only which conſiſt in proviſions, materials, and finiſhed work; the other, which conſiſts in money, and which ſerves only to circulate thoſe three, muſt always be deducted. In order to put induſtry into motion, three things are requiſite; materials to work upon, tools to work with, and the wages or recompence for the ſake of which the work is done. Money is neither a material to work upon, nor a tool to work with; and though the wages of the workman are commonly paid to him in money, his real revenue, like that of all other men, conſiſts, not in the money, but in the money's worth; not in the metal pieces, but in what can be got for them.

The quantity of induſtry which any capital can employ, muſt, evidently, be equal to the number of workmen whom it can ſupply with materials, tools, and a maintenance ſuitable to the nature of the work. Money may be requiſite for purchaſing the materials and tools of the work, as well as the maintenance of the workmen. But the quantity of induſtry which the whole capital can employ, is certainly not equal both to the money which purchaſes, and to the materials, tools, and maintenance, which are purchaſed with it; but only to one or other of thoſe two values, and to the latter more properly than to the former.

When

When paper is ſubſtituted in the room of gold and ſilver money, the quantity of the materials, tools, and maintenance, which the whole circulating capital can ſupply, may be increaſed by the whole value of gold and ſilver which uſed to be employed in purchaſing them. The whole value of the great wheel of circulation and diſtribution, is added to the goods which are circulated and diſtributed by means of it. The operation, in ſome meaſure, reſembles that of the undertaker of ſome great work, who, in conſequence of ſome improvement in mechanics, takes down his old machinery, and adds the difference between its price and that of the new to his circulating capital, to the fund from which he furniſhes materials and wages to his workmen. CHAP. II.

What is the proportion which the circulating money of any country bears to the whole value of the annual produce circulated by means of it, it is, perhaps, impoſſible to determine. It has been computed by different authors at a fifth, at a tenth, at a twentieth, and at a thirtieth part of that value. But how ſmall ſoever the proportion which the circulating money may bear to the whole value of the annual produce, as but a part, and frequently but a ſmall part, of that produce, is ever deſtined for the maintenance of induſtry, it muſt always bear a very conſiderable proportion to that part. When, therefore, by the ſubſtitution of paper, the gold and ſilver neceſſary for circulation is reduced to, perhaps, a fifth part of the former quantity, if the value of only the greater part of the other four-fifths be added to the

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the funds which are deſtined for the maintenance of induſtry, it muſt make a very conſiderable addition to the quantity of that induſtry, and, conſequently, to the value of the annual produce of land and labour.

An operation of this kind has, within theſe five-and-twenty or thirty years, been performed in Scotland, by the erection of new banking companies in almoſt every conſiderable town, and even in ſome country villages. The effects of it have been preciſely thoſe above deſcribed. The buſineſs of the country is almoſt entirely carried on by means of the paper of thoſe different banking companies, with which purchaſes and payments of all kinds are commonly made. Silver very ſeldom appears, except in the change of a twenty-ſhillings bank note, and gold ſtill ſeldomer. But though the conduct of all thoſe different companies has not been unexceptionable, and has accordingly required an act of parliament to regulate it; the country, notwithſtanding, has evidently derived great benefit from their trade. I have heard it aſſerted, that the trade of the city of Glaſgow doubled in about fifteen years after the firſt erection of the banks there; and that the trade of Scotland has more than quadrupled ſince the firſt erection of the two public banks at Edinburgh, of which the one, called The Bank of Scotland, was eſtabliſhed by act of parliament in 1695; the other, called The Royal Bank, by royal charter in 1727. Whether the trade, either of Scotland in general, or of the city of Glaſgow in particular, has

has really increaſed in ſo great a proportion, during ſo ſhort a period, I do not pretend to know. If either of them has increaſed in this proportion, it ſeems to be an effect too great to be accounted for by the ſole operation of this cauſe. That the trade and induſtry of Scotland, however, have increaſed very conſiderably during this period, and that the banks have contributed a good deal to this increaſe, cannot be doubted. CHAP. II.

The value of the ſilver money which circulated in Scotland before the Union, in 1707, and which, immediately after it, was brought into the bank of Scotland in order to be re-coined, amounted to 411,117*l.* 10*s.* 9*d.* ſterling. No account has been got of the gold coin; but it appears from the ancient accounts of the mint of Scotland, that the value of the gold annually coined ſomewhat exceeded that of the ſilver*. There were a good many people too upon this occaſion, who, from a diffidence of repayment, did not bring their ſilver into the bank of Scotlan: and there was, beſides, ſome Engliſh coin, which was not called in. The whole value of the gold and ſilver, therefore, which circulated in Scotland before the Union, cannot be eſtimated at leſs than a million ſterling. It ſeems to have conſtituted almoſt the whole circulation of that country; for though the circulation of the bank of Scotland, which had then no rival, was conſiderable, it ſeems to have made but a very ſmall part of the whole. In the preſent times the

* See Ruddiman's Preface to Anderſon's Diplomata, &c. Scotiæ.

whole

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whole circulation of Scotland cannot be eſtimated at leſs than two millions, of which that part which conſiſts in gold and ſilver, moſt probably, does not amount to half a million. But though the circulating gold and ſilver of Scotland have ſuffered ſo great a diminution during this period, its real riches and proſperity do not appear to have ſuffered any. Its agriculture, manufactures, and trade, on the contrary, the annual produce of its land and labour, have evidently been augmented.

It is chiefly by diſcounting bills of exchange, that is, by advancing money upon them before they are due, that the greater part of banks and bankers iſſue their promiſſory notes. They deduct always, upon whatever ſum they advance, the legal intereſt till the bill ſhall become due. The payment of the bill, when it becomes due, replaces to the bank the value of what had been advanced, together with a clear profit of the intereſt. The banker who advances to the merchant whoſe bill he diſcounts, not gold and ſilver, but his own promiſſory notes, has the advantage of being able to diſcount to a greater amount by the whole value of his promiſſory notes, which he finds by experience, are commonly in circulation. He is thereby enabled to make his clear gain of intereſt on ſo much a larger ſum.

The commerce of Scotland, which at preſent is not very great, was ſtill more inconſiderable when the two firſt banking companies were eſtabliſhed; and thoſe companies would have had but little trade, had they confined their buſineſs

to

to the diſcounting of bills of exchange. They invented, therefore, another method of iſſuing their promiſſory notes; by granting, what they called, caſh accounts, that is by giving credit to the extent of a certain ſum (two or three thouſand pounds, for example), to any individual who could procure two perſons of undoubted credit and good landed eſtate to become ſurety for him, that whatever money ſhould be advanced to him, within the ſum for which the credit had been given, ſhould be repaid upon demand, together with the legal intereſt. Credits of this kind are, I believe, commonly granted by banks and bankers in all different parts of the world. But the eaſy terms upon which the Scotch banking companies accept of re-payment are, ſo far as I know, peculiar to them, and have, perhaps, been the principal cauſe, both of the great trade of thoſe companies, and of the benefit which the country has received from it.

Whoever has a credit of this kind with one of thoſe companies, and borrows a thouſand pounds upon it, for example, may repay this ſum piece-meal, by twenty and thirty pounds at a time, the company diſcounting a proportionable part of the intereſt of the great ſum from the day on which each of thoſe ſmall ſums is paid in, till the whole be in this manner repaid. All merchants, therefore, and almoſt all men of buſineſs, find it convenient to keep ſuch caſh accounts with them, and are thereby intereſted to promote the trade of thoſe companies, by readily receiving their notes in all payments, and

BOOK II. and by encouraging all thoſe with whom they have any influence to do the ſame. The banks, when their cuſtomers apply to them for money, generally advance it to them in their own promiſſory notes. Theſe the merchants pay away to the manufacturers for goods, the manufacturers to the farmers for materials and proviſions, the farmers to their landlords for rent, the landlords repay them to the merchants for the conveniencies and luxuries with which they ſupply them, and the merchants again return them to the banks in order to balance their caſh accounts, or to replace what they may have borrowed of them; and thus almoſt the whole money buſineſs of the country is tranſacted by means of them. Hence the great trade of thoſe companies.

By means of thoſe caſh accounts every merchant can, without imprudence, carry on a greater trade than he otherwiſe could do. If there are two merchants, one in London, and the other in Edinburgh, who employ equal ſtocks in the ſame branch of trade, the Edinburgh merchant can, without imprudence, carry on a greater trade, and give employment to a greater number of people than the London merchant. The London merchant muſt always keep by him a conſiderable ſum of money, either in his own coffers, or in thoſe of his banker, who gives him no intereſt for it, in order to anſwer the demands continually coming upon him for payment of the goods which he purchaſes upon credit. Let the ordinary amount of this ſum be ſuppoſed five

hundred pounds. The value of the goods in his warehouſe muſt always be leſs by five hundred pounds than it would have been, had he not been obliged to keep ſuch a ſum unemployed. Let us ſuppoſe that he generally diſpoſes of his whole ſtock upon hand, or of goods to the value of his whole ſtock upon hand, once in the year. By being obliged to keep ſo great a ſum unemployed, he muſt ſell in a year five hundred pounds worth leſs goods than he might otherwiſe have done. His annual profits muſt be leſs by all that he could have made by the ſale of five hundred pounds worth more goods; and the number of people employed in preparing his goods for the market, muſt be leſs by all thoſe that five hundred pounds more ſtock could have employed. The merchant in Edinburgh, on the other hand, keeps no money unemployed for anſwering ſuch occaſional demands. When they actually come upon him, he ſatisfies them from his caſh account with the bank, and gradually replaces the ſum borrowed with the money or paper which comes in from the occaſional ſales of his goods. With the ſame ſtock, therefore, he can, without imprudence, have at all times in his warehouſe a larger quantity of goods than the London merchant; and can thereby both make a greater profit himſelf, and give conſtant employment to a greater number of induſtrious people who prepare thoſe goods for the market. Hence the great benefit which the country has derived from this trade.

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The facility of diſcounting bills of exchange, it may be thought indeed, gives the Engliſh merchants a conveniency equivalent to the caſh accounts of the Scotch merchants. But the Scotch merchants, it muſt be remembered, can diſcount their bills of exchange as eaſily as the Engliſh merchants; and have, beſides, the additional conveniency of their caſh accounts.

The whole paper money of every kind which can eaſily circulate in any country never can exceed the value of the gold and ſilver, of which it ſupplies the place, or which (the commerce being ſuppoſed the ſame) would circulate there, if there was no paper money. If twenty ſhilling notes, for example, are the loweſt paper money current in Scotland, the whole of that currency which can eaſily circulate there cannot exceed the ſum of gold and ſilver which would be neceſſary for tranſacting the annual exchanges of twenty ſhillings value and upwards uſually tranſacted within that country. Should the circulating paper at any time exceed that ſum, as the exceſs could neither be ſent abroad nor be employed in the circulation of the country, it muſt immediately return upon the banks to be exchanged for gold and ſilver. Many people would immediately perceive that they had more of this paper than was neceſſary for tranſacting their buſineſs at home, and as they could not ſend it abroad, they would immediately demand payment of it from the banks. When this ſuperfluous paper was converted into gold and ſilver, they could eaſily find a uſe for it by ſending it

abroad; but they could find none while it remained in the ſhape of paper. There would immediately, therefore, be a run upon the banks to the whole extent of this ſuperfluous paper, and, if they ſhewed any difficulty or backwardneſs in payment, to a much greater extent; the alarm, which this would occaſion, neceſſarily increaſing the run. CHAP. II.

Over and above the expences which are common to every branch of trade; ſuch as the expence of houſe-rent, the wages of ſervants, clerks, accountants, &c.; the expences peculiar to a bank conſiſt chiefly in two articles: Firſt, in the expence of keeping at all times in its coffers, for anſwering the occaſional demands of the holders of its notes, a large ſum of money, of which it loſes the intereſt: And, ſecondly, in the expence of repleniſhing thoſe coffers as faſt as they are emptied by anſwering ſuch occaſional demands.

A banking company, which iſſues more paper than can be employed in the circulation of the country, and of which the exceſs is continually returning upon them for payment, ought to increaſe the quantity of gold and ſilver, which they keep at all times in their coffers, not only in proportion to this exceſſive increaſe of their circulation, but in a much greater proportion; their notes returning upon them much faſter than in proportion to the exceſs of their quantity. Such a company, therefore, ought to increaſe the firſt article of their expence, not only

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The coffers of ſuch a company too, though they ought to be filled much fuller, yet muſt empty themſelves much faſter than if their buſineſs was confined within more reaſonable bounds, and muſt require, not only a more violent, but a more conſtant and uninterrupted exertion of expence in order to repleniſh them. The coin too, which is thus continually drawn in ſuch large quantities from their coffers, cannot be employed in the circulation of the country. It comes in place of a paper which is over and above what can be employed in that circulation, and is therefore over and above what can be employed in it too. But as that coin will not be allowed to lie idle, it muſt, in one ſhape or another, be ſent abroad, in order to find that profitable employment which it cannot find at home; and this continual exportation of gold and ſilver, by enhancing the difficulty, muſt neceſſarily enhance ſtill further the expence of the bank, in finding new gold and ſilver in order to repleniſh thoſe coffers, which empty themſelves ſo very rapidly. Such a company, therefore, muſt, in proportion to this forced increaſe of their buſineſs, increaſe the ſecond article of their expence ſtill more than the firſt.

Let us ſuppoſe that all the paper of a particular bank, which the circulation of the country can eaſily abſorb and employ, amounts exactly to forty thouſand pounds; and that for anſwering occaſional

occaſional demands, this bank is obliged to keep at all times in its coffers ten thouſand pounds in gold and ſilver. Should this bank attempt to circulate forty-four thouſand pounds, the four thouſand pounds which are over and above what the circulation can eaſily abſorb and employ, will return upon it almoſt as faſt as they are iſſued. For anſwering occaſional demands, therefore, this bank ought to keep at all times in its coffers, not eleven thouſand pounds only, but fourteen thouſand pounds. It will thus gain nothing by the intereſt of the four thouſand pounds exceſſive circulation; and it will loſe the whole expence of continually collecting four thouſand pounds in gold and ſilver, which will be continually going out of its coffers as faſt as they are brought into them. CHAP. II.

Had every particular banking company always underſtood and attended to its own particular intereſt, the circulation never could have been overſtocked with paper money. But every particular banking company has not always underſtood or attended to its own particular intereſt, and the circulation has frequently been overſtocked with paper money.

By iſſuing too great a quantity of paper, of which the exceſs was continually returning, in order to be exchanged for gold and ſilver, the bank of England was for many years together obliged to coin gold to the extent of between eight hundred thouſand pounds and a million a year; or at an average, about eight hundred and fifty thouſand pounds. For this great coin-

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age the bank (in conſequence of the worn and degraded ſtate into which the gold coin had fallen a few years ago) was frequently obliged to purchaſe gold bullion at the high price of four pounds an ounce, which it ſoon after iſſued in coin at 3*l.* 17*s.* 10½*d.* an ounce, loſing in this manner between two and a half and three per cent. upon the coinage of ſo very large a ſum. Though the bank therefore paid no ſeignorage, though the government was properly at the expence of the coinage, this liberality of government did not prevent altogether the expence of the bank.

The Scotch banks, in conſequence of an exceſs of the ſame kind, were all obliged to employ conſtantly agents at London to collect money for them, at an expence which was ſeldom below one and a half or two per cent. This money was ſent down by the waggon, and inſured by the carriers at an additional expence of three quarters per cent. or fifteen ſhillings on the hundred pounds. Thoſe agents were not always able to repleniſh the coffers of their employers ſo faſt as they were emptied. In this caſe the reſource of the banks was, to draw upon their correſpondents in London bills of exchange to the extent of the ſum which they wanted. When thoſe correſpondents afterwards drew upon them for the payment of this ſum, together with the intereſt and a commiſſion, ſome of thoſe banks, from the diſtreſs into which their exceſſive circulation had thrown them, had ſometimes no other means of ſatisfying this draught but by drawing

drawing a ſecond ſet of bills either upon the ſame, or upon ſome other correſpondents in London; and the ſame ſum, or rather bills for the ſame ſum, would in this manner make ſometimes more than two or three journies: the debtor bank, paying always the intereſt and commiſſion upon the whole accumulated ſum. Even thoſe Scotch banks which never diſtinguiſhed themſelves by their extreme imprudence, were ſometimes obliged to employ this ruinous reſource.

The gold coin which was paid out either by the bank of England, or by the Scotch banks, in exchange for that part of their paper which was over and above what could be employed in the circulation of the country, being likewiſe over and above what could be employed in that circulation, was ſometimes ſent abroad in the ſhape of coin, ſometimes melted down and ſent abroad in the ſhape of bullion, and ſometimes melted down and ſold to the bank of England at the high price of four pounds an ounce. It was the neweſt, the heavieſt, and the beſt pieces only which were carefully picked out of the whole coin, and either ſent abroad or melted down. At home, and while they remain in the ſhape of coin, thoſe heavy pieces were of no more value than the light: But they were of more value abroad, or when melted down into bullion, at home. The bank of England, notwithſtanding their great annual coinage, found to their aſtoniſhment, that there was every year the ſame ſcarcity of coin as there had been the year before;

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fore; and that notwithſtanding the great quantity of good and new coin which was every year iſſued from the bank, the ſtate of the coin, inſtead of growing better and better, became every year worſe and worſe. Every year they found themſelves under the neceſſity of coining nearly the ſame quantity of gold as they had coined the year before, and from the continual riſe in the price of gold bullion, in conſequence of the continual wearing and clipping of the coin, the expence of this great annual coinage became every year greater and greater. The bank of England, it is to be obſerved, by ſupplying its own coffers with coin, is indirectly obliged to ſupply the whole kingdom, into which coin is continually flowing from thoſe coffers in a great variety of ways. Whatever coin therefore was wanted to ſupport this exceſſive circulation both of Scotch and Engliſh paper money, whatever vacuities this exceſſive circulation occaſioned in the neceſſary coin of the kingdom, the bank of England was obliged to ſupply them. The Scotch banks, no doubt, paid all of them very dearly for their own imprudence and inattention. But the bank of England paid very dearly, not only for its own imprudence, but for the much greater imprudence of almoſt all the Scotch banks.

The over-trading of ſome bold projectors in both parts of the united kingdom, was the original cauſe of this exceſſive circulation of paper money.

What a bank can with propriety advance to a merchant or undertaker of any kind, is not either

either the whole capital with which he trades, or even any conſiderable part of that capital; but that part of it only, which he would otherwiſe be obliged to keep by him unemployed, and in ready money for anſwering occaſional demands. If the paper money which the bank advances never exceeds this value, it can never exceed the value of the gold and ſilver, which would neceſſarily circulate in the country if there was no paper money; it can never exceed the quantity which the circulation of the country can eaſily abſorb and employ. CHAP. II.

When a bank diſcounts to a merchant a real bill of exchange drawn by a real creditor upon a real debtor, and which, as ſoon as it becomes due, is really paid by that debtor; it only advances to him a part of the value which he would otherwiſe be obliged to keep by him unemployed and in ready money for anſwering occaſional demands. The payment of the bill, when it becomes due, replaces to the bank the value of what it had advanced, together with the intereſt. The coffers of the bank, ſo far as its dealings are confined to ſuch cuſtomers, reſemble a water pond, from which, though a ſtream is continually running out, yet another is continually running in, fully equal to that which runs out; ſo that, without any further care or attention, the pond keeps always equally, or very near equally full. Little or no expence can ever be neceſſary for repleniſhing the coffers of ſuch a bank.

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A merchant, without over-trading, may frequently have occaſion for a ſum of ready money, even when he has no bills to diſcount. When a bank, beſides diſcounting his bills, advances him likewiſe upon ſuch occaſions, ſuch ſums upon his caſh account, and accepts of a piece-meal repayment as the money comes in from the occaſional ſale of his goods, upon the eaſy terms of the banking companies of Scotland; it diſpenſes him entirely from the neceſſity of keeping any part of his ſtock by him unemployed and in ready money for anſwering occaſional demands. When ſuch demands actually come upon him, he can anſwer them ſufficiently from his caſh account. The bank, however, in dealing with ſuch cuſtomers, ought to obſerve with great attention, whether in the courſe of ſome ſhort period (of four, five, ſix, or eight months, for example) the ſum of the repayments which it commonly receives from them, is, or is not, fully equal to that of the advances which it commonly makes to them. If within the courſe of ſuch ſhort periods, the ſum of the repayments from certain cuſtomers is, upon moſt occaſions, fully equal to that of the advances, it may ſafely continue to deal with ſuch cuſtomers. Though the ſtream which is in this caſe continually running out from its coffers may be very large, that which is continually running into them muſt be at leaſt equally large; ſo that without any further care or attention thoſe coffers are likely to be always equally or very near equally full; and

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ſcarce ever to require any extraordinary expence to repleniſh them. If, on the contrary, the ſum of the repayments from certain other cuſtomers falls commonly very much ſhort of the advances which it makes to them, it cannot with any ſafety continue to deal with ſuch cuſtomers, at leaſt if they continue to deal with it in this manner. The ſtream which is in this caſe continually running out from its coffers is neceſſarily much larger than that which is continually running in; ſo that, unleſs they are repleniſhed by ſome great and continual effort of expence, thoſe coffers muſt ſoon be exhauſted altogether. CHAP. II.

The banking companies of Scotland, accordingly, were for a long time very careful to require frequent and regular repayments from all their cuſtomers, and did not care to deal with any perſon, whatever might be his fortune or credit, who did not make, what they called, frequent and regular operations with them. By this attention, beſides ſaving almoſt entirely the extraordinary expence of repleniſhing their coffers, they gained two other very conſiderable advantages.

Firſt, by this attention they were enabled to make ſome tolerable judgment concerning the thriving or declining circumſtances of their debtors, without being obliged to look out for any other evidence beſides what their own books afforded them; men being for the moſt part either regular or irregular in their payments, according as their circumſtances are either thriving

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ing or declining. A private man who lends out his money to perhaps half a dozen or a dozen of debtors, may, either by himſelf or his agents, obſerve and enquire both conſtantly and carefully into the conduct and ſituation of each of them. But a banking company, which lends money to perhaps five hundred different people, and of which the attention is continually occupied by objects of a very different kind, can have no regular information concerning the conduct and circumſtances of the greater part of its debtors beyond what its own books afford it. In requiring frequent and regular repayments from all their cuſtomers, the banking companies of Scotland had probably this advantage in view.

Secondly, by this attention they ſecured themſelves from the poſſibility of iſſuing more paper money than what the circulation of the country could eaſily abſorb and employ. When they obſerved, that within moderate periods of time the repayments of a particular cuſtomer were upon moſt occaſions fully equal to the advances which they had made to him, they might be aſſured that the paper money which they had advanced to him, had not at any time exceeded the quantity of gold and ſilver which he would otherwiſe have been obliged to keep by him for anſwering occaſional demands; and that, conſequently, the paper money, which they had circulated by his means, had not at any time exceeded the quantity of gold and ſilver which would have circulated in the country, had there been no paper money. The frequency, regularity

rity and amount of his repayments would ſufficiently demonſtrate that the amount of their advances had at no time exceeded that part of his capital which he would otherwiſe have been obliged to keep by him unemployed and in ready money for anſwering occaſional demands; that is, for the purpoſe of keeping the reſt of his capital in conſtant employment. It is this part of his capital only which, within moderate periods of time, is continually returning to every dealer in the ſhape of money, whether paper or coin, and continually going from him in the ſame ſhape. If the advances of the bank had commonly exceeded this part of his capital, the ordinary amount of his repayments could not, within moderate periods of time, have equalled the ordinary amount of its advances. The ſtream which, by means of his dealings, was continually running into the coffers of the bank, could not have been equal to the ſtream which, by means of the ſame dealings, was continually running out. The advances of the bank paper, by exceeding the quantity of gold and ſilver which, had there been no ſuch advances, he would have been obliged to keep by him for anſwering occaſional demands, might ſoon come to exceed the whole quantity of gold and ſilver which (the commerce being ſuppoſed the ſame) would have circulated in the country had there been no paper money; and conſequently to exceed the quantity which the circulation of the country could eaſily abſorb and employ; and the exceſs of this paper money would immediately have

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have returned upon the bank in order to be exchanged for gold and ſilver. This ſecond advantage, though equally real, was not perhaps ſo well underſtood by all the different banking companies of Scotland as the firſt.

When, partly by the conveniency of diſcounting bills, and partly by that of caſh accounts, the creditable traders of any country can be diſpenſed from the neceſſity of keeping any part of their ſtock by them unemployed and in ready money for anſwering occaſional demands, they can reaſonably expect no farther aſſiſtance from banks and bankers, who, when they have gone thus far, cannot, conſiſtently with their own intereſt and ſafety, go farther. A bank cannot, conſiſtently with its own intereſt, advance to a trader, the whole or even the greater part of the circulating capital with which he trades; becauſe, though that capital is continually returning to him in the ſhape of money, and going from him in the ſame ſhape, yet the whole of the returns is too diſtant from the whole of the outgoings, and the ſum of his repayments could not equal the ſum of its advances within ſuch moderate periods of time as ſuit the conveniency of a bank. Still leſs could a bank afford to advance him any conſiderable part of his fixed capital; of the capital which the undertaker of an iron forge, for example, employs in erecting his forge and ſmelting-houſe, his work-houſes and warehouſes, the dwelling-houſes of his workmen, &c.; of the capital which the undertaker of a mine employs in ſinking his ſhafts, in erecting

ing engines for drawing out the water, in making roads and waggon-ways, &c.; of the capital which the perſon who undertakes to improve land employs in clearing, draining, encloſing, manuring and ploughing waſte and uncultivated fields, in building farm-houſes, with all their neceſſary appendages of ſtables, granaries, &c. The returns of the fixed capital are in almoſt all caſes much ſlower than thoſe of the circulating capital; and ſuch expences, even when laid out with the greateſt prudence and judgment, very ſeldom return to the undertaker till after a period of many years, a period by far too diſtant to ſuit the conveniency of a bank. Traders and other undertakers may, no doubt, with great propriety, carry on a very conſiderable part of their projects with borrowed money. In juſtice to their creditors, however, their own capital ought, in this caſe, to be ſufficient to enſure, if I may ſay ſo, the capital of thoſe creditors; or to render it extremely improbable that thoſe creditors ſhould incur any loſs, even though the ſucceſs of the project ſhould fall very much ſhort of the expectation of the projectors. Even with this precaution too, the money which is borrowed, and which it is meant ſhould not be repaid till after a period of ſeveral years, ought not to be borrowed of a bank, but ought to be borrowed upon bond or mortgage, of ſuch private people as propoſe to live upon the intereſt of their money, without taking the trouble themſelves to employ the capital; and who are upon that account willing to lend that capital to ſuch people

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It is now more than five-and-twenty years ſince the paper money iſſued by the different banking companies of Scotland was fully equal, or rather was ſomewhat more than fully equal, to what the circulation of the country could eaſily abſorb and employ. Thoſe companies, therefore, had ſo long ago given all the aſſiſtance to the traders and other undertakers of Scotland which it is poſſible for banks and bankers conſiſtently with their own intereſt, to give. They had even done ſomewhat more. They had overtraded a little, and had brought upon themſelves that loſs, or at leaſt that diminution of profit, which in this particular buſineſs never fails to attend the ſmalleſt degree of over-trading. Thoſe traders and other undertakers, having got ſo much aſſiſtance from banks and bankers, wiſhed to get ſtill more. The banks, they ſeem to have thought, could extend their credits to whatever ſum might be wanted, without incurring any other expence beſides that of a few reams of paper. They complained of the contracted views and daſtardly ſpirit of the directors of thoſe

banks, which did not, they ſaid, extend their credits in proportion to the extenſion of the trade of the country; meaning, no doubt, by the extenſion of that trade the extenſion of their own projects beyond what they could carry on, either with their own capital, or with what they had credit to borrow of private people in the uſual way of bond or mortgage. The banks, they ſeem to have thought, were in honour bound to ſupply the deficiency, and to provide them with all the capital which they wanted to trade with. The banks, however, were of a different opinion, and upon their refuſing to extend their credits, ſome of thoſe traders had recourſe to an expedient which, for a time, ſerved their purpoſe, though at a much greater expence, yet as effectually as the utmoſt extenſion of bank credits could have done. This expedient was no other than the well-known ſhift of drawing and re-drawing; the ſhift to which unfortunate traders have ſometimes recourſe when they are upon the brink of bankruptcy. The practice of raiſing money in this manner had been long known in England, and during the courſe of the late war, when the high profits of trade afforded a great temptation to over-trading, is ſaid to have been carried on to a very great extent. From England it was brought into Scotland, where, in proportion to the very limited commerce, and to the very moderate capital of the country, it was ſoon carried on to a much greater extent than it ever had been in England.

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The practice of drawing and re-drawing is ſo well known to all men of buſineſs, that it may perhaps be thought unneceſſary to give an account of it. But as this book may come into the hands of many people who are not men of buſineſs, and as the effects of this practice upon the banking trade are not perhaps generally underſtood even by men of buſineſs themſelves, I ſhall endeavour to explain it as diſtinctly as I can.

The cuſtoms of merchants, which were eſtabliſhed when the barbarous laws of Europe did not enforce the performance of their contracts, and which during the courſe of the two laſt centuries have been adopted into the laws of all European nations, have given ſuch extraordinary privileges to bills of exchange, that money is more readily advanced upon them, than upon any other ſpecies of obligation; eſpecially when they are made payable within ſo ſhort a period as two or three months after their date. If, when the bill becomes due, the acceptor does not pay it as ſoon as it is preſented, he becomes from that moment a bankrupt. The bill is proteſted, and returns upon the drawer, who, if he does not immediately pay it, becomes likewiſe a bankrupt. If, before it came to the perſon who preſents it to the acceptor for payment, it had paſſed through the hands of ſeveral other perſons, who had ſucceſſively advanced to one another the contents of it, either in money or goods, and who to expreſs that each of them had in his turn

received thoſe contents, had all of them in their order endorſed, that is, written their names upon the back of the bill; each endorſer becomes in his turn liable to the owner of the bill for thoſe contents, and, if he fails to pay, he becomes too from that moment a bankrupt. Though the drawer, acceptor, and endorſers of the bill ſhould, all of them, be perſons of doubtful credit; yet ſtill the ſhortneſs of the date gives ſome ſecurity to the owner of the bill. Though all of them may be very likely to become bankrupts; it is a chance if they all become ſo in ſo ſhort a time. The houſe is crazy, ſays a weary traveller to himſelf, and will not ſtand very long; but it is a chance if it falls to-night, and I will venture, therefore, to ſleep in it to-night.

The trader A in Edinburgh, we ſhall ſuppoſe, draws a bill upon B in London, payable two months after date. In reality B in London owes nothing to A in Edinburgh; but he agrees to accept of A's bill, upon condition that before the term of payment he ſhall re-draw upon A in Edinburgh for the ſame ſum, together with the intereſt and a commiſſion, another bill, payable likewiſe two months after date. B accordingly, before the expiration of the firſt two months, re-draws this bill upon A in Edinburgh; who again, before the expiration of the ſecond two months, draws a ſecond bill upon B in London, payable likewiſe two months after date; and before the expiration of the

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third two months, B in London re-draws upon A in Edinburgh another bill, payable alſo two months after date. This practice has ſometimes gone on, not only for ſeveral months, but for ſeveral years together, the bill always returning upon A in Edinburgh, with the accumulated intereſt and commiſſion of all the former bills. The intereſt was five per cent. in the year, and the commiſſion was never leſs than one half per cent. on each draught. This commiſſion being repeated more than ſix times in the year, whatever money A might raiſe by this expedient muſt neceſſarily have coſt him ſomething more than eight per cent. in the year, and ſometimes a great deal more; when either the price of the commiſſion happened to riſe, or when he was obliged to pay compound intereſt upon the intereſt and commiſſion of former bills. This practice was called raiſing money by circulation.

In a country where the ordinary profits of ſtock in the greater part of mercantile projects are ſuppoſed to run between ſix and ten per cent., it muſt have been a very fortunate ſpeculation of which the returns could not only repay the enormous expence at which the money was thus borrowed for carrying it on; but afford, beſides, a good ſurplus profit to the projector. Many vaſt and extenſive projects, however, were undertaken, and for ſeveral years carried on without any other fund to ſupport them beſides what was raiſed at this enormous expence. The pro-

projectors, no doubt, had in their golden dreams the moſt diſtinct viſion of this great profit. Upon their awaking, however, either at the end of their projects, or when they were no longer able to carry them on, they very ſeldom, I believe, had the good fortune to find it *. CHAP. II.

* The method deſcribed in the text was by no means either the moſt common or the moſt expenſive one in which thoſe adventurers ſometimes raiſed money by circulation. It frequently happened that A in Edinburgh would enable B in London to pay the firſt bill of Exchange by drawing, a few days before it became due, a ſecond bill at three months date upon the ſame B in London. This bill, being payable to his own order, A ſold in Edinburgh at par; and with its contents purchaſed bills upon London payable at ſight to the order of B, to whom he ſent them by the poſt. Towards the end of the late war, the exchange between Edinburgh and London was frequently three per cent. againſt Edinburgh, and thoſe bills at ſight muſt frequently have coſt A that premium. This tranſaction therefore being repeated at leaſt four times in the year, and being loaded with a commiſſion of at leaſt one half per cent. upon each repetition, muſt at that period have coſt A at leaſt fourteen per cent. in the year. At other times A would enable B to diſcharge the firſt bill of exchange by drawing, a few days before it became due, a ſecond bill at two months date; not upon B, but upon ſome third perſon, C, for example, in London. This other bill was made payable to the order of B, who, upon its being accepted by C, diſcounted it with ſome banker in London; and A enabled C to diſcharge it by drawing, a few days before it became due, a third bill, likewiſe at two months date, ſometimes upon his firſt correſpondent B, and ſometimes upon ſome fourth or fifth perſon, D or E, for example. This third bill was made payable to the order of C; who, as ſoon as it was accepted, diſcounted it in the ſame manner with ſome banker in London. Such operations being repeated at leaſt ſix times in the year, and being loaded with a commiſſion of at leaſt one-half per cent. upon each repetition, together with the legal intereſt of five per cent., this method of raiſing money, in the ſame manner as that deſcribed in the text, muſt have coſt A ſomething more than eight per cent. By ſaving, however, the exchange between Edinburgh and London, it was leſs expenſive than that mentioned in the foregoing part of this note; but then it required an eſtabliſhed credit with more houſes than one in London, an advantage which many of theſe adventurers could not always find it eaſy to procure.

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The bills which A in Edinburgh drew upon B in London, he regularly diſcounted two months before they were due with ſome bank or banker in Edinburgh; and the bills which B in London re-drew upon A in Edinburgh, he as regularly diſcounted either with the bank of England, or with ſome other bankers in London. Whatever was advanced upon ſuch circulating bills, was, in Edinburgh, advanced in the paper of the Scotch banks, and in London, when they were diſcounted at the bank of England, in the paper of that bank. Though the bills upon which this paper had been advanced, were all of them repaid in their turn as ſoon as they became due; yet the value which had been really advanced upon the firſt bill, was never really returned to the banks which advanced it; becauſe, before each bill became due, another bill was always drawn to ſomewhat a greater amount than the bill which was ſoon to be paid; and the diſcounting of this other bill was eſſentially neceſſary towards the payment of that which was ſoon to be due. This payment, therefore, was altogether fictitious. The ſtream, which, by means of thoſe circulating bills of exchange, had once been made to run out from the coffers of the banks, was never replaced by any ſtream which really run into them.

The paper which was iſſued upon thoſe circulating bills of exchange, amounted, upon many occaſions, to the whole fund deſtined for carrying on ſome vaſt and extenſive project of agriculture,

culture, commerce, or manufactures; and not merely to that part of it which, had there been no paper money, the projector would have been obliged to keep by him, unemployed and in ready money for anſwering occaſional demands. The greater part of this paper was, conſequently, over and above the value of the gold and ſilver which would have circulated in the country, had there been no paper money. It was over and above, therefore, what the circulation of the country could eaſily abſorb and employ, and upon that account immediately returned upon the banks in order to be exchanged for gold and ſilver, which they were to find as they could. It was a capital which thoſe projectors had very artfully contrived to draw from thoſe banks, not only without their knowledge or deliberate conſent, but for ſome time, perhaps, without their having the moſt diſtant ſuſpicion that they had really advanced it.

When two people, who are continually drawing and re-drawing upon one another, diſcount their bills always with the ſame banker, he muſt immediately diſcover what they are about, and ſee clearly that they are trading, not with any capital of their own, but with the capital which he advances to them. But this diſcovery is not altogether ſo eaſy when they diſcount their bills ſometimes with one banker, and ſometimes with another, and when the ſame two perſons do not conſtantly draw and re-draw upon one another, but occaſionally run the round of a great circle

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of projectors, who find it for their intereſt to aſſiſt one another in this method of raiſing money, and to render it, upon that account, as difficult as poſſible to diſtinguiſh between a real and a fictitious bill of exchange; between a bill drawn by a real creditor upon a real debtor, and a bill for which there was properly no real creditor but the bank which diſcounted it; nor any real debtor but the projector who made uſe of the money. When a banker had even made this diſcovery, he might ſometimes make it too late, and might find that he had already diſcounted the bills of thoſe projectors to ſo great an extent that, by refuſing to diſcount any more, he would neceſſarily make them all bankrupts, and thus, by ruining them, might perhaps ruin himſelf. For his own intereſt and ſafety, therefore, he might find it neceſſary, in this very perilous ſituation, to go on for ſome time, endeavouring, however, to withdraw gradually, and upon that account making every day greater and greater difficulties about diſcounting, in order to force thoſe projectors by degrees to have recourſe, either to other bankers, or to other methods of raiſing money; ſo as that he himſelf might, as ſoon as poſſible, get out of the circle. The difficulties, accordingly, which the bank of England, which the principal bankers in London, and which even the more prudent Scotch banks began, after a certain time, and when all of them had already gone too far, to make about diſcounting, not only alarmed, but enraged in the higheſt

higheſt degree thoſe projectors. Their own diſ- CHAP. II.
treſs, of which this prudent and neceſſary reſerve of the banks was, no doubt, the immediate occaſion, they called the diſtreſs of the country; and this diſtreſs of the country, they ſaid, was altogether owing to the ignorance, puſillanimity, and bad conduct of the banks, which did not give a ſufficiently liberal aid to the ſpirited undertakings of thoſe who exerted themſelves in order to beautify, improve, and enrich the country. It was the duty of the banks, they ſeemed to think, to lend for as long a time, and to as great an extent as they might wiſh to borrow. The banks, however, by refuſing in this manner to give more credit to thoſe, to whom they had already given a great deal too much, took the only method by which it was now poſſible to ſave either their own credit, or the public credit of the country.

In the midſt of this clamour and diſtreſs, a new bank was eſtabliſhed in Scotland for the expreſs purpoſe of relieving the diſtreſs of the country. The deſign was generous; but the execution was imprudent, and the nature and cauſes of the diſtreſs which it meant to relieve, were not, perhaps, well underſtood. This bank was more liberal than any other had ever been, both in granting caſh accounts, and in diſcounting bills of exchange. With regard to the latter, it ſeems to have made ſcarce any diſtinction between real and circulating bills, but to have diſcounted all equally. It was the avowed principle

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of this bank to advance, upon any reaſonable ſecurity, the whole capital which was to be employed in thoſe improvements of which the returns are the moſt ſlow and diſtant, ſuch as the improvements of land. To promote ſuch improvements was even ſaid to be the chief of the public ſpirited purpoſes for which it was inſtituted. By its liberality in granting caſh accounts, and in diſcounting bills of exchange, it, no doubt, iſſued great quantities of its bank notes. But thoſe bank notes being, the greater part of them, over and above what the circulation of the country could eaſily abſorb and employ, returned upon it, in order to be exchanged for gold and ſilver, as faſt as they were iſſued. Its coffers were never well filled. The capital which had been ſubſcribed to this bank at two different ſubſcriptions, amounted to one hundred and ſixty thouſand pounds, of which eighty per cent. only was paid up. This ſum ought to have been paid in at ſeveral different inſtalments. A great part of the proprietors, when they paid in their firſt inſtalment, opened a caſh account with the bank; and the directors thinking themſelves obliged to treat their own proprietors with the ſame liberality with which they treated all other men, allowed many of them to borrow upon this caſh account what they paid in upon all their ſubſequent inſtalments. Such payments, therefore, only put into one coffer, what had the moment before been taken out of another. But had the coffers of this bank been filled ever ſo well, its

its exceſſive circulation muſt have emptied them faſter than they could have been repleniſhed by any other expedient but the ruinous one of drawing upon London, and when the bill became due, paying it, together with intereſt and commiſſion, by another draught upon the ſame place. Its coffers having been filled ſo very ill, it is ſaid to have been driven to this reſource within a very few months after it began to do buſineſs. The eſtates of the proprietors of this bank were worth ſeveral millions, and by their ſubſcription to the original bond or contract of the bank, were really pledged for anſwering all its engagements. By means of the great credit which ſo great a pledge neceſſarily gave it, it was, notwithſtanding its too liberal conduct, enabled to carry on buſineſs for more than two years. When it was obliged to ſtop, it had in the circulation about two hundred thouſand pounds in bank notes. In order to ſupport the circulation of thoſe notes, which were continually returning upon it as faſt as they were iſſued, it had been conſtantly in the practice of drawing bills of exchange upon London, of which the number and value were continually increaſing, and, when it ſtopt, amounted to upwards of ſix hundred thouſand pounds. This bank, therefore, had, in little more than the courſe of two years, advanced to different people upwards of eight hundred thouſand pounds at five per cent. Upon the two hundred thouſand pounds which it circulated in bank notes, this five per cent. might, perhaps, be conſidered as clear gain, without

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BOOK II. without any other deduction beſides the expence of management. But upon upwards of ſix hundred thouſand pounds, for which it was continually drawing bills of exchange upon London, it was paying, in the way of intereſt and commiſſion, upwards of eight per cent. and was conſequently loſing more than three per cent. upon more than three-fourths of all its dealings.

The operations of this bank ſeem to have produced effects quite oppoſite to thoſe which were intended by the particular perſons who planned and directed it. They ſeem to have intended to ſupport the ſpirited undertakings, for as ſuch they conſidered them, which were at that time carrying on in different parts of the country; and at the ſame time, by drawing the whole banking buſineſs to themſelves, to ſupplant all the other Scotch banks; particularly thoſe eſtabliſhed at Edinburgh, whoſe backwardneſs in diſcounting bills of exchange had given ſome offence. This bank, no doubt, gave ſome temporary relief to thoſe projectors, and enabled them to carry on their projects for about two years longer than they could otherwiſe have done. But it thereby only enabled them to get ſo much deeper into debt, ſo that when ruin came, it fell ſo much the heavier both upon them and upon their creditors. The operations of this bank, therefore, inſtead of relieving, in reality aggravated in the long-run the diſtreſs which thoſe projectors had brought both upon themſelves and upon their country. It would have been

much better for themſelves, their creditors and their country, had the greater part of them been obliged to ſtop two years ſooner, than they actually did. The temporary relief, however, which this bank afforded to thoſe projectors, proved a real and permanent relief to the other Scotch banks. All the dealers in circulating bills of exchange, which thoſe other banks had become ſo backward in diſcounting, had recourſe to this new bank, where they were received with open arms. Thoſe other banks, therefore, were enabled to get very eaſily out of that fatal circle, from which they could not otherwiſe have diſengaged themſelves without incurring a conſiderable loſs, and perhaps too even ſome degree of diſcredit. CHAP. II.

In the long-run, therefore, the operations of this bank increaſed the real diſtreſs of the country which it meant to relieve; and effectually relieved from a very great diſtreſs thoſe rivals whom it meant to ſupplant.

At the firſt ſetting out of this bank, it was the opinion of ſome people, that how faſt ſoever its coffers might be emptied, it might eaſily repleniſh them by raiſing money upon the ſecurities of thoſe to whom it had advanced its paper. Experience, I believe, ſoon convinced them that this method of raiſing money was by much too ſlow to anſwer their purpoſe; and that coffers which originally were ſo ill filled, and which emptied themſelves ſo very faſt, could be repleniſhed by no other expedient but the ruinous one of drawing bills upon London, and when they

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they became due, paying them by other draughts upon the ſame place with accumulated intereſt and commiſſion. But though they had been able by this method to raiſe money as faſt as they wanted it; yet, inſtead of making a profit, they muſt have ſuffered a loſs by every ſuch operation; ſo that in the long run they muſt have ruined themſelves as a mercantile company, though, perhaps, not ſo ſoon as by the more expenſive practice of drawing and re-drawing. They could ſtill have made nothing by the intereſt of the paper, which, being over and above what the circulation of the country could abſorb and employ, returned upon them, in order to be exchanged for gold and ſilver, as faſt as they iſſued it; and for the payment of which they were themſelves continually obliged to borrow money. On the contrary, the whole expence of this borrowing, of employing agents to look out for people who had money to lend, or negociating with thoſe people, and of drawing the proper bond or aſſignment, muſt have fallen upon them, and have been ſo much clear loſs upon the balance of their accounts. The project of repleniſhing their coffers in this manner may be compared to that of a man who had a water-pond from which a ſtream was continually running out, and into which no ſtream was continually running, but who propoſed to keep it always equally full by employing a number of people to go continually with buckets to a well at ſome miles diſtance in order to bring water to repleniſh it.

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But though this operation had proved, not only practicable, but profitable to the bank as a mercantile company; yet the country could have derived no benefit from it; but, on the contrary, must have suffered a very considerable loss by it. This operation could not augment in the smallest degree the quantity of money to be lent. It could only have erected this bank into a sort of general loan office for the whole country. Those who wanted to borrow, must have applied to this bank, instead of applying to the private persons who had lent it their money. But a bank which lends money, perhaps, to five hundred different people, the greater part of whom its directors can know very little about, is not likely to be more judicious in the choice of its debtors, than a private person who lends out his money among a few people whom he knows, and in whose sober and frugal conduct he thinks he has good reason to confide. The debtors of such a bank, as that whose conduct I have been giving some account of, were likely, the greater part of them, to be chimerical projectors, the drawers and re-drawers of circulating bills of exchange, who would employ the money in extravagant undertakings, which, with all the assistance that could be given them, they would probably never be able to complete, and which, if they should be completed, would never repay the expence which they had really cost, would never afford a fund capable of maintaining a quantity of labour equal to that which had been employed about them. The sober and frugal debtors of private

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vate perſons, on the contrary, would be more likely to employ the money borrowed in ſober undertakings which were proportioned to their capitals, and which, though they might have leſs of the grand and the marvellous, would have more of the ſolid and the profitable, which would repay with a large profit whatever had been laid out upon them, and which would thus afford a fund capable of maintaining a much greater quantity of labour than that which had been employed about them. The ſucceſs of this operation, therefore, without increaſing in the ſmalleſt degree the capital of the country, would only have transferred a great part of it from prudent and profitable, to imprudent and unprofitable undertakings.

That the induſtry of Scotland languiſhed for want of money to employ it, was the opinion of the famous Mr. Law. By eſtabliſhing a bank of a particular kind, which he ſeems to have imagined might iſſue paper to the amount of the whole value of all the lands in the country, he propoſed to remedy this want of money. The parliament of Scotland, when he firſt propoſed his project, did not think proper to adopt it. It was afterwards adopted, with ſome variations, by the Duke of Orleans, at that time regent of France. The idea of the poſſibility of multiplying paper money to almoſt any extent, was the real foundation of what is called the Miſſiſſippi ſcheme, the moſt extravagant project both of banking and ſtock-jobbing that, perhaps, the world ever ſaw. The different operations

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of this ſcheme are explained ſo fully, ſo clearly, and with ſo much order and diſtinctneſs, by Mr. Du Verney, in his Examination of the Political Reflections upon Commerce and Finances of Mr. Du Tot, that I ſhall not give any account of them. The principles upon which it was founded are explained by Mr. Law himſelf, in a diſcourſe concerning money and trade, which he publiſhed in Scotland when he firſt propoſed his project. The ſplendid, but viſionary ideas which are ſet forth in that and ſome other works upon the ſame principles, ſtill continue to make an impreſſion upon many people, and have, perhaps, in part, contributed to that exceſs of banking, which has of late been complained of both in Scotland and in other places. CHAP. II.

The bank of England is the greateſt bank of circulation in Europe. It was incorporated, in purſuance of an act of parliament, by a charter, under the great ſeal, dated the 27th of July, 1694. It at that time advanced to government the ſum of one million two hundred thouſand pounds, for an annuity of one hundred thouſand pounds: or for 96,000*l.* a year intereſt, at the rate of eight per cent., and 4,000*l.* a year for the expence of management. The credit of the new government, eſtabliſhed by the Revolution, we may believe, muſt have been very low, when it was obliged to borrow at ſo high an intereſt.

In 1697 the bank was allowed to enlarge its capital ſtock by an ingraftment of 1,001,171*l.* 10*s.* Its whole capital ſtock, therefore, amounted at this time to 2,201,171*l.* 10*s.* This engraftment

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graftment is said to have been for the support of public credit. In 1696, tallies had been at forty, and fifty, and sixty per cent. discount, and bank notes at twenty per cent.* During the great recoinage of the silver, which was going on at this time, the bank had thought proper to discontinue the payment of its notes, which necessarily occasioned their discredit.

In pursuance of the 7th Anne, c. vii. the bank advanced and paid into the exchequer, the sum of 400,000*l.*; making in all the sum of 1,600,000*l.* which it had advanced upon its original annuity of 96,000*l.* interest and 4,000*l.* for expence of management. In 1708, therefore, the credit of government was as good as that of private persons, since it could borrow at six per cent. interest, the common legal and market rate of those times. In pursuance of the same act, the bank cancelled exchequer bills to the amount of 1,775,027*l.* 17*s.* 10½*d.* at six per cent. interest, and was at the same time allowed to take in subscriptions for doubling its capital. In 1708, therefore, the capital of the bank amounted to 4,402,343*l.*; and it had advanced to government the sum of 3,375,027*l.* 17*s.* 10½*d.*

By a call of fifteen per cent. in 1709, there was paid in and made stock 656,204*l.* 1*s.* 9*d.*; and by another of ten per cent. in 1710, 501,448*l.* 12*s.* 11*d.* In consequence of those two calls, therefore, the bank capital amounted to 5,559,995*l.* 14*s.* 8*d.*

* James Postlethwaite's History of the Public Revenue, page 301.

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In purſuance of the 3d George I. c. 8. the bank delivered up two millions of Exchequer bills to be cancelled. It had at this time, therefore, advanced to government 5,375,027*l.* 17*s.* 10*d.* In purſuance of the 8th George I. c. 21. the bank purchaſed of the South Sea Company, ſtock to the amount of 4,000,000*l.*; and in 1722, in conſequence of the ſubſcriptions which it had taken in for enabling it to make this purchaſe, its capital ſtock was increaſed by 3,400,000*l.* At this time, therefore, the Bank had advanced to the public 9,375,027*l.* 17*s.* 10½*d*; and its capital ſtock amounted only to 8,959,995*l.* 14*s.* 8*d.* It was upon this occaſion that the ſum which the Bank had advanced to the public, and for which it received intereſt, began firſt to exceed its capital ſtock, or the ſum for which it paid a dividend to the proprietors of bank ſtock; or, in other words, that the bank began to have an undivided capital, over and above its divided one. It has continued to have an undivided capital of the ſame kind ever ſince. In 1746, the Bank had, upon different occaſions, advanced to the public 11,686,800*l.* and its divided capital had been raiſed by different calls and ſubſcriptions to 10,780,000*l.* The ſtate of thoſe two ſums has continued to be the ſame ever ſince. In purſuance of the 4th of George III. c. 25. the Bank agreed to pay to government for the renewal of its charter 110,000*l.* without intereſt or repayment. This ſum, therefore, did not increaſe either of thoſe two other ſums.

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The dividend of the bank has varied according to the variations in the rate of the intereſt which it has, at different times, received for the money it had advanced to the public, as well as according to other circumſtances. This rate of intereſt has gradually been reduced from eight to three per cent. For ſome years paſt the Bank dividend has been at five and a half per cent.

The ſtability of the Bank of England is equal to that of the Britiſh government. All that it has advanced to the public muſt be loſt before its creditors can ſuſtain any loſs. No other banking company in England can be eſtabliſhed by act of parliament, or can conſiſt of more than ſix members. It acts, not only as an ordinary bank, but as a great engine of ſtate. It receives and pays the greater part of the annuities which are due to the creditors of the public, it circulates Exchequer bills, and it advances to government the annual amount of the land and malt taxes, which are frequently not paid up till ſome years thereafter. In thoſe different operations, its duty to the public may ſometimes have obliged it, without any fault of its directors, to overſtock the circulation with paper money. It likewiſe diſcounts merchants bills, and has, upon ſeveral different occaſions, ſupported the credit of the principal houſes, not only of England, but of Hamburgh and Holland. Upon one occaſion, in 1763, it is ſaid to have advanced for this purpoſe, in one week, about 1,600,000*l.*; a great part of it in

in bullion. I do not, however, pretend to warrant either the greatneſs of the ſum, or the ſhortneſs of the time. Upon other occaſions, this great company has been reduced to the neceſſity of paying in ſixpences. CHAP. II.

It is not by augmenting the capital of the country, but by rendering a greater part of that capital active and productive than would otherwiſe be ſo, that the moſt judicious operations of banking can increaſe the induſtry of the country. That part of his capital which a dealer is obliged to keep by him unemployed, and in ready money, for anſwering occaſional demands, is ſo much dead ſtock, which, ſo long as it remains in this ſituation, produces nothing either to him or to his country. The judicious operations of banking enable him to convert this dead ſtock into active and productive ſtock; into materials to work upon, into tools to work with, and into proviſions and ſubſiſtence to work for; into ſtock which produces ſomething both to himſelf and to his country. The gold and ſilver money which circulates in any country, and by means of which the produce of its land and labour is annually circulated and diſtributed to the proper conſumers, is, in the ſame manner as the ready money of the dealer, all dead ſtock. It is a very valuable part of the capital of the country, which produces nothing to the country. The judicious operations of banking, by ſubſtituting paper in the room of a great part of this gold and ſilver, enables the country to convert a

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great part of this dead ſtock into active and productive ſtock; into ſtock which produces ſomething to the country. The gold and ſilver money which circulates in any country may very properly be compared to a highway, which, while it circulates and carries to market all the graſs and corn of the country, produces itſelf not a ſingle pile of either. The judicious operations of banking, by providing, if I may be allowed ſo violent a metaphor, a ſort of waggon-way through the air, enable the country to convert, as it were, a great part of its highways into good paſtures and corn fields, and thereby to increaſe very conſiderably the annual produce of its land and labour. The commerce and induſtry of the country, however, it muſt be acknowledged, though they may be ſomewhat augmented, cannot be altogether ſo ſecure, when they are thus, as it were, ſuſpended upon the Dædalian wings of paper money, as when they travel about upon the ſolid ground of gold and ſilver. Over and above the accidents to which they are expoſed from the unſkilfulneſs of the conductors of this paper money, they are liable to ſeveral others, from which no prudence or ſkill of thoſe conductors can guard them.

An unſucceſsful war, for example, in which the enemy got poſſeſſion of the capital, and conſequently of that treaſure which ſupported the credit of the paper money, would occaſion a much greater confuſion in a country where the whole circulation was carried on by paper, than

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in one where the greater part of it was carried on by gold and ſilver. The uſual inſtrument of commerce having loſt its value, no exchanges could be made but either by barter or upon credit. All taxes having been uſually paid in paper money, the prince would not have wherewithal either to pay his troops, or to furniſh his magazines; and the ſtate of the country would be much more irretrievable than if the greater part of its circulation had conſiſted in gold and ſilver. A prince, anxious to maintain his dominions at all times in the ſtate in which he can moſt eaſily defend them, ought, upon this account, to guard, not only againſt that exceſſive multiplication of paper money which ruins the very banks which iſſue it; but even againſt that multiplication of it, which enables them to fill the greater part of the circulation of the country with it. CHAP. II.

The circulation of every country may be conſidered as divided into two different branches; the circulation of the dealers with one another, and the circulation between the dealers and the conſumers. Though the ſame pieces of money, whether paper or metal, may be employed ſometimes in the one circulation and ſometimes in the other; yet as both are conſtantly going on at the ſame time, each requires a certain ſtock of money of one kind or another, to carry it on. The value of the goods circulated between the different dealers, never can exceed the value of thoſe circulated between the dealers and the conſumers;

BOOK II. whatever is bought by the dealers, being ultimately deſtined to be ſold to the conſumers. The circulation between the dealers, as it is carried on by wholeſale, requires generally a pretty large ſum for every particular tranſaction. That between the dealers and the conſumers, on the contrary, as it is generally carried on by retail, frequently requires but very ſmall ones, a ſhilling, or even a halfpenny, being often ſufficient. But ſmall ſums circulate much faſter than large ones. A ſhilling changes maſters more frequently than a guinea, and a halfpenny more frequently than a ſhilling. Though the annual purchaſes of all the conſumers, therefore, are at leaſt equal in value to thoſe of all the dealers, they can generally be tranſacted with a much ſmaller quantity of money; the ſame pieces, by a more rapid circulation, ſerving as the inſtrument of many more purchaſes of the one kind than of the other.

Paper money may be ſo regulated, as either to confine itſelf very much to the circulation between the different dealers, or to extend itſelf likewiſe to a great part of that between the dealers and the conſumers. Where no bank notes are circulated under ten pounds value, as in London, paper money confines itſelf very much to the circulation between the dealers. When a ten pound bank note comes into the hands of a conſumer, he is generally obliged to change it at the firſt ſhop where he has occaſion to purchaſe five ſhillings worth of goods; ſo that it often returns

turns into the hands of a dealer, before the consumer has ſpent the fortieth part of the money. Where bank notes are iſſued for ſo ſmall ſums as twenty ſhillings, as in Scotland, paper money extends itſelf to a conſiderable part of the circulation between dealers and conſumers. Before the act of parliament, which put a ſtop to the circulation of ten and five ſhilling notes, it filled a ſtill greater part of that circulation. In the currencies of North America, paper was commonly iſſued for ſo ſmall a ſum as a ſhilling, and filled almoſt the whole of that circulation. In ſome paper currencies of Yorkſhire, it was iſſued even for ſo ſmall a ſum as a ſixpence. CHAP. II.

Where the iſſuing of bank notes for ſuch very ſmall ſums is allowed and commonly practiſed, many mean people are both enabled and encouraged to become bankers. A perſon whoſe promiſſory note for five pounds, or even for twenty ſhillings, would be rejected by every body, will get it to be received without ſcruple when it is iſſued for ſo ſmall a ſum as a ſixpence. But the frequent bankruptcies to which ſuch beggarly bankers muſt be liable, may occaſion a very conſiderable inconveniency, and ſometimes even a very great calamity, to many poor people who had received their notes in payment.

It were better, perhaps, that no bank notes were iſſued in any part of the kingdom for a ſmaller ſum than five pounds. Paper money would then, probably, confine itſelf, in every part of the kingdom, to the circulation between

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the different dealers, as much as it does at preſent in London, where no bank notes are iſſued under ten pounds value; five pounds being, in moſt parts of the kingdom, a ſum which, though it will purchaſe, perhaps, little more than half the quantity of goods, is as much conſidered, and is as ſeldom ſpent all at once, as ten pounds are amidſt the profuſe expence of London.

Where paper money, it is to be obſerved, is pretty much confined to the circulation between dealers and dealers, as at London, there is always plenty of gold and ſilver. Where it extends itſelf to a conſiderable part of the circulation between dealers and conſumers, as in Scotland, and ſtill more in North America, it baniſhes gold and ſilver almoſt entirely from the country; almoſt all the ordinary tranſactions of its interior commerce being thus carried on by paper. The ſuppreſſion of ten and five ſhilling bank notes, ſomewhat relieved the ſcarcity of gold and ſilver in Scotland; and the ſuppreſſion of twenty ſhilling notes would probably relieve it ſtill more. Thoſe metals are ſaid to have become more abundant in America, ſince the ſuppreſſion of ſome of their paper currencies. They are ſaid, likewiſe, to have been more abundant before the inſtitution of thoſe currencies.

Though paper money ſhould be pretty much confined to the circulation between dealers and dealers, yet banks and bankers might ſtill be able to give nearly the ſame aſſiſtance to the induſtry

duſtry and commerce of the country, as they had done when paper money filled almoſt the whole circulation. The ready money which a dealer is obliged to keep by him, for anſwering occaſional demands, is deſtined altogether for the circulation between himſelf and other dealers, of whom he buys goods. He has no occaſion to keep any by him for the circulation between himſelf and the conſumers, who are his cuſtomers, and who bring ready money to him, inſtead of taking any from him. Though no paper money, therefore, was allowed to be iſſued, but for ſuch ſums as would confine it pretty much to the circulation between dealers and dealers; yet, partly by diſcounting real bills of exchange, and partly by lending upon caſh accounts, banks and bankers might ſtill be able to relieve the greater part of thoſe dealers from the neceſſity of keeping any conſiderable part of their ſtock by them, unemployed and in ready money, for anſwering occaſional demands. They might ſtill be able to give the utmoſt aſſiſtance which banks and bankers can, with propriety, give to traders of every kind. CHAP. II.

To reſtrain private people, it may be ſaid, from receiving in payment the promiſſory notes of a banker, for any ſum whether great or ſmall, when they themſelves are willing to receive them; or, to reſtrain a banker from iſſuing ſuch notes, when all his neighbours are willing to accept of them, is a manifeſt violation of that natural liberty which it is the proper buſineſs of law,

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law, not to infringe, but to ſupport. Such regulations may, no doubt, be conſidered as in ſome reſpect a violation of natural liberty. But thoſe exertions of the natural liberty of a few individuals, which might endanger the ſecurity of the whole ſociety, are, and ought to be, reſtrained by the laws of all governments; of the moſt free, as well as of the moſt deſpotical. The obligation of building party walls, in order to prevent the communication of fire, is a violation of natural liberty, exactly of the ſame kind with the regulations of the banking trade which are here propoſed.

A paper money conſiſting in bank notes, iſſued by people of undoubted credit, payable upon demand without any condition, and in fact always readily paid as ſoon as preſented, is, in every reſpect, equal in value to gold and ſilver money; ſince gold and ſilver money can at any time be had for it. Whatever is either bought or ſold for ſuch paper, muſt neceſſarily be bought or ſold as cheap as it could have been for gold and ſilver.

The increaſe of paper money, it has been ſaid, by augmenting the quantity, and conſequently diminiſhing the value of the whole currency, neceſſarily augments the money price of commodities. But as the quantity of gold and ſilver, which is taken from the currency, is always equal to the quantity of paper which is added to it, paper money does not neceſſarily increaſe the quantity of the whole currency. From the be-

ginning of the laſt century to the preſent time, provifions never were cheaper in Scotland than in 1759, though, from the circulation of ten and five ſhilling bank notes, there was then more paper money in the country than at preſent. The proportion between the price of proviſions in Scotland and that in England, is the ſame now as before the great multiplication of banking companies in Scotland. Corn is, upon moſt occaſions, fully as cheap in England as in France; though there is a great deal of paper money in England, and ſcarce any in France. In 1751 and in 1752, when Mr. Hume publiſhed his Political Diſcourſes, and ſoon after the great multiplication of paper money in Scotland, there was a very ſenſible riſe in the price of proviſions, owing, probably, to the badneſs of the ſeaſons, and not to the multiplication of paper money. CHAP. II.

It would be otherwiſe, indeed, with a paper money conſiſting in promiſſory notes, of which the immediate payment depended, in any reſpect, either upon the good will of thoſe who iſſued them; or upon a condition which the holder of the notes might not always have it in his power to fulfil; or of which the payment was not exigible till after a certain number of years, and which in the mean time bore no intereſt. Such a paper money would, no doubt, fall more or leſs below the value of gold and ſilver, according as the difficulty or uncertainty of obtaining immediate payment was ſuppoſed to be greater

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Some years ago the different banking companies of Scotland were in the practice of inſerting into their bank notes, what they called an Optional Clauſe, by which they promiſed payment to the bearer, either as ſoon as the note ſhould be preſented, or, in the option of the directors, ſix months after ſuch preſentment, together with the legal intereſt for the ſaid ſix months. The directors of ſome of thoſe banks ſometimes took advantage of this optional clauſe, and ſometimes threatened thoſe who demanded gold and ſilver in exchange for a conſiderable number of their notes, that they would take advantage of it, unleſs ſuch demanders would content themſelves with a part of what they demanded. The promiſſory notes of thoſe banking companies conſtituted at that time the far greater part of the currency of Scotland, which this uncertainty of payment neceſſarily degraded below the value of gold and ſilver money. During the continuance of this abuſe (which prevailed chiefly in 1762, 1763, and 1764), while the exchange between London and Carliſle was at par, that between London and Dumfries would ſometimes be four per cent. againſt Dumfries, though this town is not thirty miles diſtant from Carliſle. But at Carliſle, bills were paid in gold and ſilver; whereas at Dumfries they were paid in Scotch bank notes, and the uncertainty of getting

ting thoſe bank notes exchanged for gold and filver coin had thus degraded them four per cent. below the value of that coin. The ſame act of parliament which ſuppreſſed ten and five ſhilling bank notes, ſuppreſſed likewiſe this optional clauſe, and thereby reſtored the exchange between England and Scotland to its natural rate, or to what the courſe of trade and remittances might happen to make it. CHAP. II.

In the paper currencies of Yorkſhire, the payment of ſo ſmall a ſum as a ſixpence ſometimes depended upon the condition that the holder of the note ſhould bring the change of a guinea to the perſon who iſſued it; a condition, which the holders of ſuch notes might frequently find it very difficult to fulfil, and which muſt have degraded this currency below the value of gold and ſilver money. An act of parliament, accordingly, declared all ſuch clauſes unlawful, and ſuppreſſed, in the ſame manner as in Scotland, all promiſſory notes, payable to the bearer, under twenty ſhillings value.

The paper currencies of North America conſiſted, not in bank notes payable to the bearer on demand, but in a government paper, of which the payment was not exigible till ſeveral years after it was iſſued: And though the colony governments paid no intereſt to the holders of this paper, they declared it to be, and in fact rendered it, a legal tender of payment for the full value for which it was iſſued. But allowing the colony ſecurity to be perfectly good, a hundred pounds

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pounds payable fifteen years hence, for example, in a country where intereſt is at ſix per cent. is worth little more than forty pounds ready money. To oblige a creditor, therefore, to accept of this as full payment of a debt for a hundred pounds actually paid down in ready money, was an act of ſuch violent injuſtice, as has ſcarce, perhaps, been attempted by the government of any other country which pretended to be free. It bears the evident marks of having originally been, what the honeſt and downright Doctor Douglas aſſures us it was, a ſcheme of fraudulent debtors to cheat their creditors. The government of Penſylvania, indeed, pretended, upon their firſt emiſſion of paper money, in 1722, to render their paper of equal value with gold and ſilver, by enacting penalties againſt all thoſe who made any difference in the price of their goods when they ſold them for a colony paper, and when they ſold them for gold and ſilver; a regulation equally tyrannical, but much leſs effectual than that which it was meant to ſupport. A poſitive law may render a ſhilling a legal tender for a guinea; becauſe it may direct the courts of juſtice to diſcharge the debtor who has made that tender. But no poſitive law can oblige a perſon who ſells goods, and who is at liberty to ſell or not to ſell, as he pleaſes, to accept of a ſhilling as equivalent to a guinea in the price of them. Notwithſtanding any regulation of this kind, it appeared by the courſe of exchange with Great Britain, that a hundred pounds ſterling was occaſionally

caſionally conſidered as equivalent, in ſome of the colonies, to a hundred and thirty pounds, and in others to ſo great a ſum as eleven hundred pounds currency; this difference in the value ariſing from the difference in the quantity of paper emitted in the different colonies, and in the diſtance and probability of the term of its final diſcharge and redemption. CHAP. II.

No law, therefore, could be more equitable than the act of parliament, ſo unjuſtly complained of in the colonies, which declared that no paper currency to be emitted there in time coming, ſhould be a legal tender of payment.

Penſylvania was always more moderate in its emiſſions of paper money than any other of our colonies. Its paper currency accordingly is ſaid never to have ſunk below the value of the gold and ſilver which was current in the colony before the firſt emiſſion of its paper money. Before that emiſſion, the colony had raiſed the denomination of its coin, and had, by act of aſſembly, ordered five ſhillings ſterling to paſs in the colony for ſix and three-pence, and afterwards for ſix and eight-pence. A pound colony currency, therefore, even when that currency was gold and ſilver, was more than thirty per cent. below the value of a pound ſterling, and when that currency was turned into paper, it was ſeldom much more than thirty per cent. below that value. The pretence for raiſing the denomination of the coin, was to prevent the exportation of gold

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gold and ſilver, by making equal quantities of thoſe metals paſs for greater ſums in the colony than they did in the mother country. It was found, however, that the price of all goods from the mother country roſe exactly in proportion as they raiſed the denomination of their coin, ſo that their gold and ſilver were exported as faſt as ever.

The paper of each colony being received in the payment of the provincial taxes, for the full value for which it had been iſſued, it neceſſarily derived from this uſe ſome additional value, over and above what it would have had, from the real or ſuppoſed diſtance of the term of its final diſcharge and redemption. This additional value was greater or leſs, according as the quantity of paper iſſued was more or leſs above what could be employed in the payment of the taxes of the particular colony which iſſued it. It was in all the colonies very much above what could be employed in this manner.

A prince, who ſhould enact that a certain proportion of his taxes ſhould be paid in a paper money of a certain kind, might thereby give a certain value to this paper money; even though the term of its final diſcharge and redemption ſhould depend altogether upon the will of the prince. If the bank which iſſued this paper was careful to keep the quantity of it always ſomewhat below what could eaſily be employed in this manner, the demand for it might be ſuch as to make it even bear a premium, or ſell for

ſomewhat more in the market than the quantity of gold or ſilver currency for which it was iſſued. Some people account in this manner for what is called the Agio of the Bank of Amſterdam, or for the ſuperiority of Bank money over current money; though this bank money, as they pretend, cannot be taken out of the bank at the will of the owner. The greater part of foreign bills of exchange muſt be paid in bank money, that is, by a transfer in the books of the bank; and the directors of the bank, they allege, are careful to keep the whole quantity of bank money always below what this uſe occaſions a demand for. It is upon this account, they ſay, that bank money ſells for a premium, or bears an agio of four or five per cent. above the ſame nominal ſum of the gold and ſilver currency of the country. This account of the Bank of Amſterdam, however, it will appear hereafter, is, in a great meaſure, chimerical.

A paper currency which falls below the value of gold and ſilver coin, does not thereby ſink the value of thoſe metals, or occaſion equal quantities of them to exchange for a ſmaller quantity of goods of any other kind. The proportion between the value of gold and ſilver and that of goods of any other kind, depends in all caſes, not upon the nature or quantity of any particular paper money, which may be current in any particular country, but upon the richneſs or poverty of the mines, which happen at any

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particular time to ſupply the great market of the commercial world with thoſe metals. It depends upon the proportion between the quantity of labour which is neceſſary in order to bring a certain quantity of gold and ſilver to market, and that which is neceſſary, in order to bring thither a certain quantity of any other ſort of goods.

If bankers are reſtrained from iſſuing any circulating bank notes, or notes payable to the bearer, for leſs than a certain ſum; and if they are ſubjected to the obligation of an immediate and unconditional payment of ſuch bank notes as ſoon as preſented, their trade may, with ſafety to the public, be rendered in all other reſpects perfectly free. The late multiplication of banking companies in both parts of the United Kingdom, an event by which many people have been much alarmed, inſtead of diminiſhing, increaſes the ſecurity of the public. It obliges all of them to be more circumſpect in their conduct, and, by not extending their currency beyond its due proportion to their caſh, to guard themſelves againſt thoſe malicious runs, which the rivalſhip of ſo many competitors is always ready to bring upon them. It reſtrains the circulation of each particular company within a narrower circle, and reduces their circulating notes to a ſmaller number. By dividing the whole circulation into a greater number of parts, the failure of any one company, an accident which, in the courſe of things, muſt ſometimes happen,

happen, becomes of leſs conſequence to the public. This free competition too obliges all bankers to be more liberal in their dealings with their cuſtomers, leſt their rivals ſhould carry them away. In general, if any branch of trade, or any diviſion of labour, be advantageous to the public, the freer and more general the competition, it will always be the more ſo. CHAP. II.

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